Nation's Business

A GENERAL MAGAZINE FOR BUSINESSMEN OCTOBER 1953

AUSTRALIA'S WOOL

MALAYA'S RUBBER

ARABIA'S OIL

CANADA'S NEWSPRINT

CHILE'S COPPER

BRAZIL'S COFFEE

OLIVIA'S TIN

CUBA'S SUGAR

IMPORTS ARE VITAL TO <u>YOU</u>

page 32

THEY'RE MAKING A BETTER TAX LAW

page 44

"Our *Nationals* save us their cost every 9 months."

— **CHRIS-CRAFT CORPORATION,** *Algonac, Mich.*
"World's Largest Builder of Motor Boats"

"The launching of our 'boat kit' business two years ago increased our Accounts Receivable more than 50%. Resulting congestion ended when we installed National Accounting Machines with Electric Typewriter.

"In addition to saving 111 hours per month on Accounts Receivable, our Nationals' great versatility enables us to keep current on Accounts Payable and Daily Sales Analysis and Distribution, with time left over for General Ledger and Profit-and-Loss breakdown.

"We also use National Adding Machines for all types of figure work.

"Nationals save us their cost every 9 months. Our operators like them because they're so easy to learn and so easy to operate that jobs are done on time with less effort."

Jay W. Smith
President

Regardless of the size of business, there is a National System that cuts costs, pays for itself, and then continues savings as handsome annual profit. National's exclusive combination of features does up to 2/3 of the work *automatically*. Let your nearby National representative show what *you* can save with National Machines suited to *your* needs.

National

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

ADVERTISERS IN THIS ISSUE

OCTOBER • 1953

During Just ONE YEAR Under GEORGE S. MAY METHODS...

PRODUCTION UP 400%

Searle Construction Company

June 20, 1953

George S. May Company
Engineering Building
Chicago 6, Illinois

Gentlemen:

Just one year ago this month your engineers completed the reorganization of our management functions to provide adequate controls over our construction operations. Included in their work was the design and installation of a simplified bookkeeping and cost control system.

I am happy to report that largely as a result of your work we have increased our volume of production 400% over that of a year ago. This increase has been accomplished with fewer office and supervisory personnel than formerly employed.

The expense and cost control system which you installed is giving us very accurate control over our operations. The cost of operating this system itself has been $4,300.00 less than the system we had been using.

Our net profits have increased in an even greater ratio than our sales. At the same time the selling price of our houses has been reduced 14% through increased efficiency in management control.

It seems impossible that this change in our operations has taken place in only one year. It was indeed a turning point for us when we decided to invest in the engineering services of your company.

Sincerely yours,

Charles M. Searle
CHARLES M. SEARLE

"Buttons and Bows" Homes

PRODUCT PRICE REDUCED 14%

You've Got to Spend Money to Make Money

GEORGE S. MAY COMPANY

Business Engineering

CHICAGO 6 • ENGINEERING BUILDING
NEW YORK 17 • 122 EAST 42nd STREET
SAN FRANCISCO 2 • 291 GEARY STREET
CANADA • 660 ST. CATHERINE STREET, WEST, MONTREAL, QUEBEC

nation's business

PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

OCTOBER 1953 VOL. 41 NO. 10

Editor
Alden H. Sypher

Executive Editor
Paul McCrea

Assistant Editors
W. Lee Hammer
William W. Owens
Kenneth W. Medley
Donald C. Spaulding

Art Director
Ralph Patterson

Associates
Asdur Takakjian
Charles Dunn

MORE THAN 750,000 SUBSCRIBERS

Business Manager **John F. Kelley** · Circulation Manager **Floyd C. Zeigler** · Advertising Director **Orson Angell**

GENERAL OFFICE—U. S. Chamber Building, *Washington 6, D. C.* BRANCH OFFICES—*New York, Chicago, San Francisco, Cleveland, Detroit.*

As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D. C. Subscription price $18 for three years. Printed in U. S. A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C.

ABOUT THIS ISSUE

OUR COVER this month is the culmination of a new kind of artistic teamwork. It combines the talents and techniques of nine artists.

After the subject—foreign commerce—was chosen, our art staff sat down to decide who could best do the sort of thing we wanted. **HERB LUBALIN,** art director of the Sudler and Hennessey studio in New York, was picked to do the over-all design. A separate artist was then asked to paint each of eight vital imports. Each was picked because of his particular style and experience with the technique desired.

Wool from Australia is the work of GERRY GERSTEN. Rubber from Malaya is shown by ANTHONY SARIS. Arabian oil was done by JAMES FLORA. Sugar from Cuba comes from JEROME SNYDER. Canada's newsprint is a painting by HOWARD KOSLOW.

IRV KOONS did the picture representing tin from Bolivia. Chile's copper is shown by JAMES CARAWAY, and coffee from Brazil is by ANTONIO FRASCONI.

The theme: "Imports Are Vital to You." **HERBERT HARRIS** gives the details on page 32.

ALBERT M. GREENFIELD began his life in this country as a four-year-old immigrant boy. He grew up near Independence Hall in Philadelphia.

Although he never finished high school, home study enabled him to pass college entrance exams, and a penchant for thrift later allowed him to attend law school at the University of Pennsylvania. Before finishing he became an apprentice conveyancer in a law office, switching subsequently to become, at 26, perhaps Philadelphia's most dynamic real estate salesman.

By the late 1920's he had acquired a fortune, which he soon lost in the depression of the early 1930's. A few years later, however, when many people around the nation were still going broke, Mr. Greenfield again built up a fortune in real estate and other holdings.

Today he heads one of the largest real estate firms in the country, an investment management firm which operates 30 department stores, a national candy chain, several large hotels, and numerous other smaller enterprises.

As one whose department stores have switched to self-service, Mr. Greenfield's views and experience, as told to **STANLEY FRANK,** appear on page 34.

O. K. ARMSTRONG studied law but turned to teaching journalism. At

the University of Florida, where he taught first, he organized the journalism school and enrolled the first students. Returning to his native Missouri, he taught some more, then was elected to the state legislature.

In 1944 he dropped out of the legislature to run for lieutenant governor of his state. "Got beat," is his

comment. In 1950 he ran for Congress from the sixth district of Missouri. He won. But when election time came around again his district was eliminated in a reapportionment.

For relaxation Mr. Armstrong likes to build things.

"I took up stone cutting and laying," he says, "because it gives me a good sweaty exercise."

A sample of his stone work appears in the photograph with Mr. Armstrong. A sample of his other work—writing—appears on page 30: "I Worked for the Red Navy," by **ZANIS NICIS** as told to our steps maker.

CLARENCE WOODBURY attended public schools in Kansas City, determined to become a poet. He con-

fesses authorship of reams of bad verse in that period.

After leaving high school—and the muse—he joined the Army and

People Like to Talk

There are almost twice as many telephones as there were ten years ago

As you drive around your community on a fine fall evening, you'll probably notice that it's bursting at the seams! New homes, new stores, new buildings going up everywhere! And it's much the same in every other town and city across the land.

America is really growing! In the last ten years the population has increased nearly 20 per cent. Where there were five people in 1943, there are now six.

But, in the same period, the number of Bell Telephones has increased nearly 100 per cent! Where there were five telephones, there are now about ten.

The telephone business is growing faster than the population; faster than the number of families. It seems that Americans have been gaining a new idea of how the telephone can be used for getting things done. More people are using the telephone in more and more ways.

One big reason is value. A few pennies still buy a telephone call. The cost of service has gone up far less than most other things.

The coming years will see still greater advances in telephone communication and its usefulness to the public and the nation.

BELL TELEPHONE SYSTEM

LOCAL *to serve the community.*
NATIONWIDE *to serve the nation.*

sailed to France where he stayed two years to see World War I through. Then he went to the University of Illinois to study civil engineering. He left college after one semester to hobo in the South with a pal, following this with a period as roustabout with a traveling carnival.

This background provided him with the kind of experience many city editors consider best for newspaper work, and the now defunct Kansas City *Post* took him on as a reporter. He shifted later to New York and the *World-Telegram* and the *Daily News*.

"While working on these papers," he says, "I started writing detective stories and war stories in my spare time. When this proved more profitable than a regular job, I gave up newspaper work and went to Europe with my bride to live as a fictioner."

But just as the happy couple got settled in a castle in Spain the depression began biting down his magazines one by one. Scared, without funds, he returned to New York and article writing.

He lives with his wife, college-sophomore son and lion-hearted terrier in a 100-year-old farmhouse at Centerport, Long Island.

Mr. Woodbury's article, "To Be Part, Take Part," begins on page 28.

ANTHONY H. LEVIERO is the bookish one of six children of a Brooklyn masonry contractor. He stopped school at the age of 14 and began

earning his living as an office boy in a shipping firm.

"They were very kind," Mr. Leviero relates, "and tried to make an auditor out of me."

At 20 he chucked auditing and became a copy boy for the New York *American*.

"In the middle of the first week," he remembers, "I complained that I couldn't live on $10 a week. The boss eyed me from the feet up, but

Pratt & Whitney Aircraft employees have built their credit union from 1000 members with $30,500 assets in 1935 to 24,000 members with over $11,000,000 today. In the U.S.A., over 16,000 credit unions serve more than 7,000,000 people. Total assets exceed $2,000,000,000.

EAST HARTFORD AIRCRAFT FEDERAL CREDIT UNION BUILDING is centrally located for members' convenience. Savers' deposits increase about $200,000 a month. Loans are processed at an average rate of 500 a week. Other credit unions operate with as few as 50 members. They are run by members at little or no expense to companies. Profitable credit union savings and low-cost loans help employees build security, avoid pay advancements and garnishments. Credit unions also operate in churches, lodges and communities.

PRATT & WHITNEY AIRCRAFT EMPLOYEES OWN AND OPERATE $11,000,000 CREDIT UNION

Employees of Pratt & Whitney Aircraft division of United Aircraft Corp. help each other to greater financial security, relieve management of many problems.

SAYS W. P. GWINN, vice-president of United Aircraft Corporation, and general manager of Pratt & Whitney Aircraft, famous producer of aircraft engines. "Our credit union has contributed greatly to the loyalty, morale and stability of our employees."

"THE CREDIT UNION is one of the reasons I'm glad I work at Pratt & Whitney Aircraft," says Thomas Bergamini, foreman. "It's a comfort for a man with a family to know he can get a low-cost loan when he needs it." Credit union provides special life insurance that pays loans if anything happens to borrowers.

"OUR CREDIT UNION has helped me save more than I ever saved before," says engineer Victor Giglio. "With the good dividends, too, it's a wonderful way to get ahead financially." The members get life insurance equal to savings up to $1000.

THIS IS FOR YOU. If you are an *employee* of a company with 50 or more people, you can become a credit union member by joining with your friends at work. *If you are an employer*, encourage the formation of a credit union in your plant or office. Cut out and mail this coupon now. You'll get full information on how to join or help start a credit union.

the following Sunday he sent me out as a police reporter."

He served on other newspapers and joined the New York *Times* in 1929, attending high school and college classes after working hours. The White House became his beat in 1947. He has covered it since, with the exception of 1951.

"That year," he says, "I was more or less free-wheeling around Washington, thinking up a lot of assignments on my own."

Such "free-wheeling around" resulted that year in news accounts which won him the Pulitzer Prize for national reporting.

ELLEN DUKE and her husband, F. DuSossoit Duke, had decided to buy a farm in New Hampshire. Friends advised: "You don't want to buy a farm up here. You just want to talk about it."

The Dukes smiled and went out to look at one five miles from Hanover. They walked around, looked at the mountains—"miles of them," says Mrs. Duke, "all looking their best that summer day." And so they

bought it, the whole 300 acres, with a big house, a little house, barn, chicken coop and a million dollars worth of scenery.

Friends then suggested: "You'll use it only on week ends and summers, of course."

Finally, three years ago, Mr. Duke closed his advertising agency and Mrs. Duke resigned as managing editor of *McCall's*. They piled a few odds and ends into their auto and started out.

Now they've got pigs and puppies, beef cattle and Jerseys, hens and Bantams, cats and dogs, calves and maple syrup.

"Be sure to say farming is a lot of work," says Mr. Duke. And now he's advising others: "You don't want to buy a farm up here. You just want to talk about it."

But he doesn't mean it any more than his friends did.

Mrs. Duke adds: "Writing, which used to be my business, is now my recreation." A sample of her recreation begins on page 84.

MANAGEMENT'S washington letter

▶KEEP YOUR EYE on Treasury's September tax collections.

They'll be published in few days, may show which way wind's blowing on Administration's revised budget estimates for fiscal '54.

If they're down: Watch for special session of Congress to raise debt limit plus still more drastic economies.

If they're up: '54 deficit may be smaller than predicted, gross debt may be cut.

September collection year ago (fiscal '53): $6,875,000,000.

Administration forecasts $75,675,000,000 receipts for '54, net take of $68,305,000,000 after refunds, OASI payments.

This would leave deficit of $3,811,000,000, public debt of $271,100,000,000, general fund balance of $6,000,000,000 on July 1, 1954.

Treasury's studied end-of-August figures, keeps fingers crossed. Why?

Deficit's been chopped: was $4,394,130,223 in '53; is $4,232,655,151 in first two months of fiscal '54—a cut of $161,475,072.

But expenditures so far are running ahead of last year by $349,677,095.

Two-month figures: '53, $11,759,459,807; '54, $12,109,136,902.

▶ECONOMISTS VIEW pessimism with optimism.

That's not doubletalk. Conservative attitude toward credit, expenditures, serves as brake on possible inflation.

Their view: Slowing-up on part of those who take dim view of '54 business activity should prove strong preventive medicine for any lasting decline.

Note: Rampant optimism—not caution or pessimism—was prevalent at 1920, 1929 and 1937 business peaks in U. S.

▶COST OF labor's fringe benefits rises sharply.

Corporations last year paid $8,000,000,000 for pension, welfare funds. Figure's expected to jump this year.

Besides wage gains, labor racked up a score of 809 fringe benefits in '52, including shift premiums, extra holidays, liberalized vacations, medical and hospitalization insurance, others.

As percentage of sales, labor costs amounted to 19.6 in '47; 18.5 in '48; 18.4 in '52—fairly constant ratio, survey of 400 industries shows.

Note: In 1929 (last big "boom" year), employe benefit costs came to $465,000,000, so gains have risen over $7,500,000,000 in past 25 years.

▶WANTED: Definition of small business.

New Small Business Administration has set up tentative norms: Amount of payroll, number of workers, whether firm is "dominant in field."

But SBA spokesmen point out there's plenty of room for interpretation.

Examples: Snuff maker employing 150 workers, with $1,000,000 annual payroll, is small—but may dominate the field.

Textile company with 400 employes is small if it's in Paterson, N. J., large if it's in Mount Holly, N. J.

SBA's aim: Shift interpretation to local level.

Result: Leave loan decision to local lending agency which knows situation best.

▶IS "DEBT" a form of "saving"?

Former commits future income, mostly for purchases currently in use (cars, refrigerators, washers); latter commits current income, doesn't stimulate flow of consumer goods.

Research survey discloses two significant factors:

1. Debt increases more with rise in income than with decline.

2. Plans to buy durable goods are more frequent among those already in debt than among those with no short-term debt.

So income must stay high to support "debt investment." Note, too, that bank loans have expansion leeway in relation to U. S. money supply.

Bank loans are 40 per cent of money supply now, were 75 per cent in 1929.

Savings aren't necessarily strong prod to instalment buying: Survey finds debt is higher, assets less in lower age group.

Process reverses in proportion to age, generally, and older groups aren't major durable goods buyers.

▶SELF-SERVICE proves no boon to unions.

Many retailers, taking lead from

supermarkets, have lopped off as high as 85 per cent of sales staff. (See "I Run A Department Store Without Clerks," page 34.)

Market experts see more cuts coming as public warms to self-service in greater variety of outlets.

Retail employment's expected to drop in next few years from 10 per cent to 3 per cent of non-agricultural jobs, or from more than 5,000,000 to less than 2,000,000.

Irony: Some union cooperative stores pioneered in initiating self-service in retailing.

▶ BIG STEEL gets smaller—as competition grows.

Number of companies pouring steel in '39: 73; today, 84; increase: 15 per cent.

(Remember, you can't start a steel mill on a shoestring!)

Combined production of 23 small firms (under 100,000 tons annual capacity) is up 51 per cent in same period.

Eleven mills with more than 1,000,000 ton capacity boosted output 40 per cent.

Share of bigger companies in over-all production is falling off, too.

Example: U. S. Steel, accounting for more than half nation's steel-making volume in 1907, dropped steadily since, has about 30 per cent now.

Note: Total industry capacity in '39: 81,800,000 net tons; today: nearly 120,000,000.

▶ RENTAL—new lease on life for small business?

There's growing list of firms which rent out lighting systems, salesmen's autos, office furniture, files, other items.

New customers: Smaller firms unable to tie up working funds in outright purchase.

Tax attraction: Rental payments are deductible operating expenses (if there's no option to buy)—big saving to firm short on cash.

▶ THAT AUTO TRIP you're taking's still a bargain.

Nation-wide survey shows it costs only about $45 more to operate a car in '53 than it did two years ago.

Costs include gas, oil, maintenance, tires, insurance, license fees, depreciation.

Average motorist (who drives less than 10,000 miles a year) will pay $908 for up-keep, other expenses this year, as against $861 in '51.

Fixed expenses (especially property damage and liability insurance) have biggest impact percentagewise:

PD & L costs have jumped from about $59 to about $82 a year.

Drivers with good records get a break, however. Insurance firms are revising rate schedules down for them, up for poor risks.

▶ WAGE HIKES are shrinking.

And juicier slices of the melon go to skilled workers.

In typical industrial area, average pay boost in '51 amounted to 7.48 cents per hour; in '52, 11.75 cents; in '53, 6.98 cents.

Recent increases granted by major electrical equipment firm ranged from 3.5 to 15.5 cents, depending on skill classification.

Trend's away from flat, across-board increases. This—as much as "recession" fear—sparks labor's demand for guaranteed wage.

The reason? Unions have studied the handwriting, want to secure what they've got rather than reach for more.

▶ RAILROAD CONSTRUCTION outlay highballs along.

Commerce Department estimates show nation's rail carriers this year have invested almost $2 for every man, woman and child in the U. S.

Expenditures of $254,000,000 for first seven months are $17,000,000 ahead of last year, are running at rate of nearly $40,000,000 a month.

Freight service, per capita, steams ahead, too:

In 1910, railroads handled 2,773 ton-miles per individual; in 1930, figure jumped to 3,142 ton-miles; this year's total nears the 4,000 ton-mile mark at start of fourth quarter.

▶ WANT TO MAKE more friends for your business?

More friends mean bigger sales, more jobs, stepped-up production—regardless of your firm's size.

Look at growing interest of your

workers, neighbors, in understanding your particular operation.

They've got the spotlight on your procedures and aims—and their approval can help your development.

Making friends is theme of new Chamber of Commerce of the United States series, "Developing a Better Understanding of Business Through Effective Employe and Community Relations."

Two booklets are ready now. They're case histories, not theory.

Example: One study shows how company turned spotty labor record (four major strikes, several minor stoppages in 10 years) into record of seven years' production without strike or stoppage of any kind.

Write to Education Department, Chamber of Commerce of the United States, Washington 6, D. C., for your copy. Price: 50 cents.

▶HELPING PETER to pay Paul is big business.

Sounds simple—but when you look at new borrowing figures (now at all-time high) remember some debt's incurred to pay off other debt.

One of nation's largest small loan firms polled its customers, found 40.8 per cent needed funds to refinance current bills.

Borrowing paid for medical, hospital, dental care (12.5 per cent); travel and recreation (7.5); repairs (6.4); clothing, food, fuel, rent (6.4); taxes (4.7).

Breakdown shows 75 per cent of loans went to skilled and unskilled workers; 8.1 per cent to businessmen, sales personnel; 6.8 per cent to government workers; 6 per cent to office, clerical employes.

Farmers, teachers borrow least—1 per cent and .7 per cent, respectively.

▶ENGINEERS HAVE new management role. Why?

One big manufacturer (soap and shortening) comes up with one answer:

His firm used 24 different processes in making major products 20 years ago.

Number's now 42, including new methods, revamping of old ones.

Company used 23 different raw materials—basic chemicals, processing chemicals, additives—where today's figure is 54.

Recent study of 350 companies employing more than 2,000,000 workers showed 92 per cent sought engineers for management positions.

▶SPENDING TAKES a new turn.

Virtually overlooked among the huge outlay figures for durable, non-durable goods, is rapid increase in spending for services.

Nation's phone bill keeps pace with electric bill this year—now stands at more than $2,500,000,000, up 37 per cent in four years.

Physicians' services cost more than either: $2,700,000,000, a jump of 18 per cent since '49.

Biggest gain has been in donations to private hospitals, sanitariums—a total of $2,400,000,000, or 36 per cent above '49.

Interest on personal debt's up, too—has passed the $2,000,000,000 mark, represents a 60 per cent rise in same period.

Note: Spending for services now accounts for almost 30 per cent of gross national product, has tripled since '39, last prewar year.

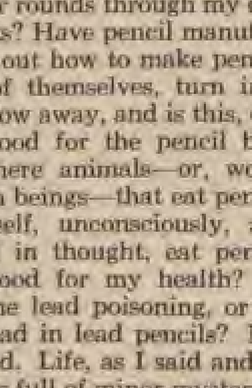
▶BRIEFS: Akron bank adds restaurant paper napkins to its list of advertising media. . . . Labor unity drive ignores Red-tainted unions. . . . FHA's cooperating in many localities to spur trade-in housing deals (where buyer uses old home as down payment on new). . . . Less than half the plants in metalworking industry with more than 20 workers use power lift trucks. . . . Atomic construction next year will account for 5 per cent of total construction in U. S. . . . Slums in average city comprise 20 per cent of residential area, eat up 45 per cent of city service costs, yield 6 per cent of city revenue. They account for one third of the population, 45 per cent of major crime, 60 per cent of the tuberculosis. . . . It's been estimated that nearly half of employed persons today are working on jobs which didn't exist half a century ago. . . . 83 per cent of 1,000,000 small business firms employ fewer than five people. . . . Clean-up: Scientists have found that enough water per second flows past a point between Key West and Havana to fill 100,000,000 bathtubs to the brim.

The missing pencil

LIFE is full of minor mysteries. Where, for example, do all my pencils go? Is there a little man who collects partially used pencils, and who in pursuit of this hobby makes regular rounds through my desk and pockets? Have pencil manufacturers found out how to make pencils that will, of themselves, turn into dust and blow away, and is this, or is this not, good for the pencil business? Are there animals—or, worse yet, human beings—that eat pencils? Do I myself, unconsciously, as I sit buried in thought, eat pencils? Is this good for my health? Will it give me lead poisoning, or is there any lead in lead pencils? I remain puzzled. Life, as I said and now repeat, is full of minor mysteries.

This way of life

WISHING to do a little work around the house and lot, I put on some old clothes the other day and then, on second thought, went to the little nearby city to buy myself a pair of blue jeans — the eastern



cousin of the western "levi." The young clerk evidently couldn't make up his mind as to whether I was an honest-to-goodness workingman or just a commuter-type imitation. How can we have a class struggle under such circumstances? Well, maybe we don't need any.

The traveling attic

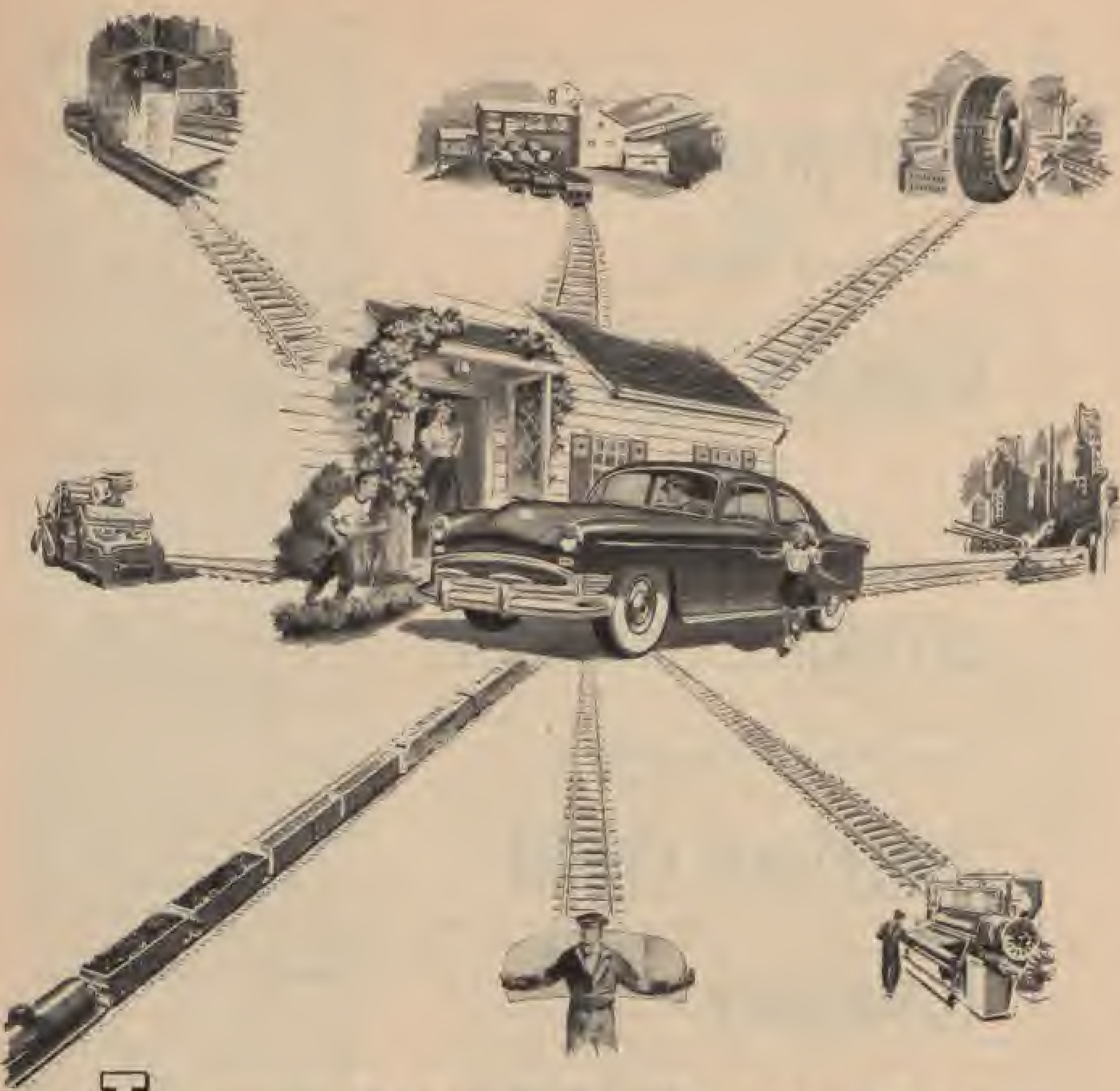
WE WENT looking for something in the glove compartment of our motor vehicle and found the following: one instruction book; two notebooks; necessary documents, including car registration, insurance and A.A.A. membership papers; a flash light; two house keys, for the front and back doors respectively; two wiping cloths, slightly soiled; two pencils; some hard candy; some string; a rubber band; matches; one nickel; one dime; a St. Christopher's medal; two hairpins; one safety pin; one screw, and two nuts (assorted). I hope this list of valuables will not tempt anybody to crime, but if it does I may add that naturally we lock the car when we leave it in a public place; nobody would neglect that precaution with all those treasures inside. We thought maybe the car glove compartment (there were no gloves in it) served in its small way the function performed by the old-fashioned attic.

A thought for October

SUMMER will not have been gone long when these words appear, as I hope, in print. Don't ask me where it went to. Perhaps because it is impossible to put it in the deep freeze it is the most perishable of seasons. We have no sooner got over the Fourth of July than Labor Day is upon us. I wonder if people are happier in summer than in October —or February. I admit many think they are. Personally, I have laid out my year so that I have a vacation in the late winter or early spring and another—a smaller one—in September. Thus, in summer I am looking back but I am also looking ahead. In October I am glad to be alive—being alive is fun, gentle reader, and don't let anybody tell you different. By November I am again studying maps and guide books, and contented as a clam. The psychiatrists probably have a name for these symptoms, but I am not going to ask what it is.

The strenuous life

I WISH I could cure myself of reading, or even dipping into, books about mountaineering. But they exercise a fatal fascination on me. One moment I am sitting peacefully in an easy chair; the next moment I am



The assembly line that's 225,000 miles long... ends at your front door!

Remember how proud you were when you drove that bright, shiny, new car up to your front door for the first time? And the family came flocking, and maybe a wistful neighbor or two?

Well, the railroads had a part in that pride, too. For over their 225,000-mile assembly line of steel rails they moved the raw materials required for making the 15,000 parts that go into an auto. Then they moved finished parts — frames, engines, tires, fabrics, glass — from factories all over America to the auto assembly plants.

And just as railroads helped build your family car, they help make possible almost everything else you use in your daily life and work . . . the food you eat, the clothes you wear, the house in which you live.

In doing this, railroads move more tons of freight more miles than *all* other forms of transportation combined. And, important to you when it comes to the prices you pay for things, railroads do this huge job of hauling at charges which average less than those of *any* other form of general transportation.

ASSOCIATION OF AMERICAN RAILROADS

WASHINGTON 6, D. C.

You'll enjoy THE RAILROAD HOUR every Monday evening on NBC.

clinging to some cliff hundreds of feet above the valley, walking precariously along a knife-like ridge of snow, or cutting steps in an ice slope a little steeper than the side of an old-fashioned barn. I do not like to do these things, even on the pages of books. I get scared when I try to do them. I shouldn't even attempt them, at my age. But there I am, by no means scorning these literary dangers but not avoiding them, either. If you see a battered form dropping out of the last hundred pages of one of those current books on mountain climbing, skidding down the glossy dust-cover and falling mangled into the wastebasket, that will be I.

Ohio makes the grade

I WAS relieved when I heard that the Eighty-third Congress had corrected an inadvertent omission of the Congress of 1803 by formally admitting Ohio to the Union. Since the joint resolution in this case was made retroactive no native of Ohio since 1803 need fear that he was born in a foreign country or a territory. Another source of gratification is that we won't have to do our history all over again, because, the way I look at it, if Ohio was not a state all this time then Grant, Hayes, Garfield, Benjamin Harrison, William McKinley, William Howard Taft and Warren Gamaliel Harding were never properly Presidents and close to 30 years of our national history would be illegal.

Wanted: trivial issues

MY MEMORY goes back a long way—too long, I fear. I can remember, for example (vaguely, I insist, but still I can remember) when simplified spelling and nature fak-

ing were issues that shook the nation. I hope the time will come when such issues will again shake the nation. We have altogether too many serious issues today. We need some trivial ones.

I love Nature, but—

NOBODY loves Nature more than I do, unless it is somebody in East Orange, N. J., Ogunquit, Me., or Mountain View, Calif., that I couldn't be expected to have heard

of. But loving Nature doesn't mean one has to put up with all that Nature does. Nature sends moles that make our lawn in summer a melancholy spectacle; Nature, in the form of bittersweet, trumpet vines and even forsythia (which ought to know better), overshadows our tulips and tries to get in at our windows; Nature introduces pests to destroy the chestnuts and elms; Nature, in winter (and, just you wait, winter isn't so far off) fills my driveway with snow. So, though I love Nature, I am not going to pretend she does not have faults.

What about suspenders

IT IS not often that I wish to take issue with Elizabeth Bowie Hough and Henry Beetle Hough, the editors and publishers of the *Vineyard Gazette* of Edgartown, Martha's

Vineyard, Mass. Mr. and Mrs. Hough get all the news there is that interests Vineyarders, and leave out much that is covered by "off-island" newspapers. This alone makes the *Gazette* an attractive newspaper, for a large part of the "off-island" news these days is bad—or worse.

But I am now going to quarrel with the editorial statement of Mr. and Mrs. Hough, or Mr. *or* Mrs. Hough, whichever made it, that suspenders are "among the things of yesterday that have almost vanished from the summer scene"—or, I suppose, any scene. Mr. and Mrs. Hough make me think of a man who told me that my habit of wearing a handkerchief in my breast pocket proved that I was susceptible to propaganda. It really proved nothing of the sort, for I had worn a handkerchief in that location during the years when it was not fashionable to do so and had continued doing it—this is a free country, I should hope—after the fashion returned.

As to suspenders I don't believe they ever went out, except for brief vacations — summer vacations, maybe. I don't wear suspenders as yet, though I used to when I felt like it, but if Mr. and Mrs. Hough don't look out I am going to. And I am going down to Edgartown, which is a nice place in the early fall, and strut around, and drop in at the *Gazette* office just before press time. I hope this settles the matter.

"IF <u>EVERYONE</u> WORE THAT HAT, FREDDIE..."

"I know you're just pretending, Son. But if everyone could actually be a fireman for a while, there'd be a lot fewer fires."

Your Fire Department is constantly on the alert to protect life and property. Cooperate during Fire Prevention Week, October 4th to the 10th—and the year 'round—by observing the following fire prevention rules:

Keep matches out of the reach of children...be sure your heating system is clean and does not become over-heated...have chimneys inspected for defects...banish careless smoking habits...have defective electrical wiring replaced...don't let rubbish accumulate.

And carry adequate fire insurance with a nationally recognized organization such as Hardware Mutuals. Our *policy back of the policy*® makes your interests our first consideration.

Phone Western Union, ask for Operator 25, and request the name and address of your nearest Hardware Mutuals representative. He'll be glad to help you!

Insurance for your AUTOMOBILE...HOME...BUSINESS

Hardware Mutuals.

Stevens Point, Wisconsin · Offices Coast to Coast

HARDWARE MUTUAL CASUALTY COMPANY · HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY

BY FELIX MORLEY

Trends

OF NATION'S BUSINESS

THE STATE OF THE NATION

FROM my window in a Munich hotel, where this report is written, I look out on a block where every building was destroyed by wartime bombing. Now three big apartment houses are going up there, side by side. At six in the morning, as it grows light, the workmen arrive on bicycles, a few of them motorized. At six in the evening the big traveling crane suspends operations, bottles of beer are passed around and the men go home. That they are weary is obvious. That they are happy in work well done is equally apparent. The bricklayers on the center building shout wisecracks because their walls are rising faster than those on either side.

This competitive spirit in reconstruction helps to account for the extraordinary recovery of Western Germany, the more pronounced by contrast with the economic and political difficulties of England, France and Italy. It is not only the workmen who vie with each other in the number of bricks that can be laid in a 12-hour day. The different cities delight in releasing monthly statistics showing how each stands in the recovery effort. Thus Hamburg newspapers report that while that city lost 286,000 dwelling units during the war, nearly 200,000 have been built since 1945. The Cologne newspapers print this with the observation that Hamburg is a little boastful, because Cologne lost 189,000 units and has already rebuilt more than that number.

The burgomaster of Hamburg then replies that nothing in Hamburg is jerry-built and that, in addition to houses, Hamburg has restored its shipbuilding industry and laid out a beautiful new park. To which the burgomaster of Cologne retorts that the lovely cathedral there has been repaired with infinite pains and care and Hamburg has nothing to match that.

* * *

Of course the building industry is only a single illustration of German recovery. One is surprised to learn that one third of the petroleum consumed this year in Western Germany (excepting that used by the occupation forces) will have been produced from German oil fields which were unknown before the last war. Similarly the Federal Republic is cutting tobacco imports by encouraging the growth of this crop in favorable parts of southwest Germany. The automobile industry is profiting from the fact that Germany has incomparably the finest road system in Europe, if not the world. And the German merchant marine, reduced to tugs, barges and fishing boats after the war, is coming back fast now that the restrictions on shipbuilding have been largely removed. The total tonnage in 1945 was 750,000; is now nearly 2,000,000 and, according to Minister of Transport Seebohm, should rise to 3,500,000—near to the 1939 level—before there is any relaxation in this field.

The over-all picture of the German economy is probably best summarized in the reports of the European Payments Union, the clearinghouse for international commercial payments among free nations of western Europe, including Turkey. As

Trends

of Aug. 1, the German Federal Republic had a surplus of $607,100,000 with EPU, as contrasted with deficits on that date of $826,800,000 for France, $512,000,000 for Great Britain and $69,400,000 for Italy. Only one of the 18 members of EPU has at present a better credit position than that of Western Germany, this exception being Belgium-Luxembourg, which also maintains a free enterprise economy.

Moreover, the German Federal Republic is prospering on a hard-money basis. Since the currency was stabilized, only five years ago, the Government has maintained a balanced budget and as a result the Deutsche mark now ranks with the Swiss franc as the most stable and desirable currency in Europe.

Taxes are high and wages and dividends are both low. Although the commercial banks demand at least six per cent for a well secured loan, the average annual dividend now paid on listed German stocks is only three and a quarter per cent. But the complete absence of inflation means that the cost of living, by contrast with most of western Europe, is tending downwards. This encourages saving and investment by the Germans themselves, naturally a thrifty people. It is significant that, with the catastrophic strikes in France last summer, many Frenchmen, more alert to their individual than their national interest, began to put their money into Germany.

* * *

During the election campaign the socialists made play with the fact that in the past five years, since the currency reform, 118,000 Germans have achieved taxable incomes of more than $12,000 a year, while 214 "millionaires"—in marks worth a little less than a quarter—have appeared on the tax returns. This was the basis of a socialist charge that "the rich grow richer while the poor grow poorer."

The charge fell flat because of the evidence that the great majority of Germans are steadily growing richer. Amazing though it seems, in this war-shattered country, the average wage, in terms of purchasing power, is 20 per cent higher than before the war. This fact, plus the confidence in the stability of the currency, goes far to explain why strikes are practically unknown in Germany now, and why the workers are buying more and more in this wholly unrationed economy. The upturn is the more striking because instalment buying is at a minimum by our standards. The average German saves to make a purchase—not to pay for one.

The economic success of the Adenauer regime, however, had not been balanced by any equivalent political triumph. And during the campaign preceding the general election of Sept. 6, the chancellor was hard pressed to defend himself against the charge of being lukewarm on the subject of German reunification. Ever since the spontaneous risings throughout the Russian zone last June, the demand for action to unite the severed parts of Germany has been insistent. It is encouraged by the self-confidence which economic recovery has stimulated among the 50,000,000 people of the West Zone.

This self-confidence, based on demonstrated accomplishment, means that the Germans from now on will be more nationalistic. Regardless of who is at the helm of the Republic there will be an increasing demand for the restoration of German sovereignty and for the reunification of the country with the frontiers that it had before Hitler came to power. To regard this nationalistic spirit as a rebirth of Nazi sentiment would be exaggerated and misleading. But the natural and reasonable nationalism of the Germans could assume disturbing aspects if nothing is done to meet demands that these people regard as no more than essential justice. And as the Federal Republic outstrips its neighbors in economic recovery, the insistence on the restoration of political equality will become steadily more pronounced.

* * *

To be successful, the foreign policy of the United States must be flexible in operation as well as consistent in its aim. So far as western Europe is concerned ,we have, since the inauguration of the Marshall Plan, consistently sought to strengthen and unify the component parts as a vital sector of the free world. But we have heretofore proceeded on the assumption that Britain, France and, to a lesser extent, Italy are the key points in this program. Germany was not even invited to join the NATO organization.

The developments of the past summer, beginning with the fall of the moderate de Gasperi government in Italy, indicate that we must re-examine the relative capacities of our European partners. When this is done, on the scene, no doubt remains that the German Federal Republic, even though it has no army, is in many respects the strongest and most stable country in western Europe. Its legitimate demands, therefore, can no longer be treated as those of a helpless suppliant. Food packages alone will no longer buy German good will. If we want the help of these very competent people we must act on the principle that the basis of any partnership is mutual equality and, so far as justifiable, mutual respect.

The alternative, which Russia seeks to achieve, is German neutrality, as between East and West. It is an idea that appeals to many Germans who are not communists, for it seems to promise Germany immunity in another war. But it is an idea that also means the decline of the West, for without hard-working German support the European Defense Community will never be anything but an empty name.

A Gold Bond ceiling makes your office sound better...look better!

WANT to have a more impressive office...at low cost? One that's both quiet and handsome? Ask for a Gold Bond Acoustical ceiling, like the Travacoustic ceiling above (in the office of the President, Ford J. Twaits Co., outstanding Los Angeles firm of engineers and contractors). Travacoustic absorbs noise, hushes echoes, gives you work-stimulating peace and quiet.

Travacoustic has all the decorative good looks of imported travertine stone and, like stone, it's incombustible! The tiles have a glare-free light-reflecting surface, and brighten any office. They can be kept clean and new-looking easily, and can be painted for a change of color scheme without loss of sound absorption.

The modern ceiling above was installed by the Sound Control Co. of Los Angeles. Your local Gold Bond Acoustical Contractor will show you other distinctive designs, without obligation. He'll also show you the full line of six Gold Bond Acoustical Products, and recommend the one that best fits your job requirements and budget. If a Gold Bond Acoustical Contractor is not shown for your city in the list at right, mail coupon today!

National Gypsum Company manufactures America's complete line of Acoustical Products—Gold Bond.

NATIONAL GYPSUM COMPANY, Dept. N-103, Buffalo 2, N. Y.

Please send me without obligation:

☐ A free copy of "The Decibel"—case histories of successful sound-conditioning.

☐ Name of the Gold Bond Acoustical Contractor nearest me.

Albany, N. Y. .... *Albany Acoustical Corp.*
Albuquerque, N. M. .... *Stryker Brothers, Inc.*
Alton, Illinois .... *C. B. Neudecker Acoustical Co.*
Atlanta, Ga. .... *Thomson King Co.*
Austin, Tex. .... *Austin Engineering Co.*
Baltimore, Md. .... *R. R. Blizzard Co.*
Baton Rouge, La. .... *DeFrances Marble & Tile Co.*
Billings, Montana .... *J. F. Ryan Company*
Buffalo, N. Y. .... *Hoddick & Taylor, Inc.*
Cambridge, Mass. .... *Dillaby Fireproofing Co.*
Champaign, Ill. .... *Acoustical and Floor Tile Co.*
Charleston, W. Va. .... *J. M. Sutler Acoustical Co.*
Charlotte, N. C. .... *A. A. Metts Co.*
Chicago, Ill. .... *Fisher-Busse Co.*
Cincinnati, Ohio .... *National Sound Control Co.*
Cleveland, Ohio .... *Midwest Acoustical & Supply Co.*
Dallas, Texas .... *Acoustic Builders Specialty Co.*
Dallas, Texas .... *Blue Diamond Co.*
Dayton, Ohio .... *Myron Cornish & Co.*
Denver, Colorado .... *Reeves-Ryan & Co.*
Detroit, Mich. .... *Turner-Brooks, Inc.*
Durham, N. C. .... *James A. Smith & Son*
Eau Claire, Wis. .... *Lee Building Specialties Co.*
El Paso, Texas .... *National Acoustical Co.*
Evansville, Ind. .... *General Insulation Co.*
Fort Smith, Ark. .... *Dale Crampton Co.*
Fort Worth, Texas .... *Lydick Roofing Co.*
Fresno, Calif. .... *Fiberglas Engineering & Supply Co. of Northern California*
Glens Falls, N. Y. .... *Adirondack Construction Corp.*

FOR FREE SOUND CONDITIONING ESTIMATE PHONE YOUR LOCAL GOLD BOND CONTRACTOR

Grand Rapids, Mich. .... *Bouma Tile & Acoustical Co.*
Green Bay, Wis. .... *H. J. Martin & Son*
Harrisburg, Pa. .... *Wagner Company*
Hartford, Conn. .... *Industrial Sound Control, Inc.*
Houston, Texas .... *Construction Products Co., Inc.*
Indianapolis, Ind. .... *General Asbestos & Supply Co.*
Jackson, Miss. .... *Best Interiors, Inc.*
Jacksonville, Fla. .... *Southern Supply Distributors, Inc.*
Johnson City, Tenn. .... *Bristis Lancaster Associates*
Kansas City, Mo. .... *George Will Company*
Kingston, Pa. .... *Culp Brothers*
La Crosse, Wisconsin .... *Acoustical Engineering Co.*
Los Angeles, Calif. .... *The Sound Control Co.*
Louisville, Ky. .... *Kentucky Sound Control Co.*
Lubbock, Texas .... *Southwest Specialty Co.*
Memphis, Tenn. .... *Alexander Marble & Tile Co.*
Miami, Fla. .... *Rowell Flooring Company*
Minneapolis, Minn. .... *R. R. McGregor & Associates*
Nashville, Tenn. .... *The Workman Company, Inc.*
Newark, N. J. .... *Charles S. Wood Co.*
New Orleans, La. .... *Childress & Hawk Co.*
New York, N. Y. .... *National Acoustics*
Norfolk, Va. .... *Fohrs & Co.*
Normandy, Mo. .... *Fawcett & Heyward Co., Inc.*
Oklahoma City, Okla. .... *Scovil and Sublett*
Omaha, Nebraska .... *Porter-Trustin Co.*
Pharr, Texas .... *Pearson Insulating & Dist. Co.*
Philadelphia, Pa. .... *Chas. M. Wall, Inc.*
Pittsburgh, Pa. .... *Harry C. Lenzer Co.*
Portland, Oregon .... *Oregon Sound Control, Inc.*
Richmond, Va. .... *McL. T. O'Ferrall & Co.*
Roanoke, Va. .... *Modern Floors, Inc.*
Rockford, Ill. .... *David Carlson Roofing Co.*
Salt Lake City, Utah .... *Specialty Contractors & Suppliers, Inc.*
San Antonio, Texas .... *Leo S. Joeris, Acoustical Contractor*
San Diego, Calif. .... *Asbestos Products Co.*
San Francisco, Calif. .... *Fiberglas Engineering & Supply Co. of Northern California*
Seattle, Wash. .... *Northwest Cork & Asbestos, Inc.*
Shreveport, La. .... *Acoustical Engineering Co.*
Sioux Falls, S. D. .... *Midwest Acoustical Co.*
Spokane, Wash. .... *Allied Floors Company*
Springfield, Mo. .... *Southwestern Insulation Co.*
State College, Pa. .... *Duggan & Marcon, Inc.*
Terre Haute, Ind. .... *Naffke Bros. Marble & Tile Co.*
Tulsa, Okla. .... *Midwest Marble & Tile Co.*
Utica, N. Y. .... *Utica Acoustical Co.*
Warsaw, Indiana .... *J. F. Kelley Co.*
Watertown, N. Y. .... *Northern Builders, Inc.*
Youngstown, Ohio .... *Wester Acoustical & Insul. Co.*

CANADA:
Edmonton, Alberta .... *Premier Industrial, Ltd.*
Toronto, Ontario .... *William G. Kerr*

ALASKA .... *Northwest Cork & Asbestos, Inc. Seattle, Wash.*

WASHINGTON MOOD

BY EDWARD T. FOLLIARD

THE Administration's drive to cut spending, balance the budget, and bring soundness to the dollar may be getting cheers out in the country, but there are no hurrahs here—at least, not among the populace.

Thousands have been dropped from the government payroll, and other thousands are waiting for the ax to fall. The result is what might be expected—anxiety among federal employes, buyer resistance, and a falling off of sales in certain lines. The city still is very prosperous, and in all likelihood will continue to be, but some of the merchants are not too happy.

Washington is in a sense a company town. The other great capitals—London, Paris, Moscow—are also important industrial and financial centers; doubtless they would continue to flourish even if the machinery of government were moved away. In contrast this stately city on the Potomac has only one industry, indeed, only one reason for existence, and that is the big government workshop.

Consequently, it reacts to lay-offs in the civil service as Detroit would, say, to lay-offs in the motor and allied industries or Hollywood to a retrenchment in the film industry.

* * *

Looked at from a political standpoint, the situation here is curious. None can say that he wasn't warned. A year ago, as a candidate, President Eisenhower was promising in nearly every speech to do two things—cut federal spending and halt the trend toward Big Government. Civil service workers here were just as much aware of Ike's pledges as other Americans, perhaps even more so, but for some reason they couldn't bring themselves to believe that the pledges would be carried out.

Why was this? Well, for one thing, Ike did say in the campaign that there would be no "wholesale" or "indiscriminate" firings in the Government. Just as important, however, was the record of 20 years and also a theory that had come to be accepted as a political axiom. These added up to a feeling that nothing much could be done about reducing the size of the Government.

This feeling was first noted back in the tail end of the Hoover Administration. In those days—strange as it may seem to some now—it was the Democrats who were clamoring for economy and a balanced budget. They passed up no chance to remind Republicans that the federal debt was increasing under President Hoover.

One day—it was in 1931 or maybe 1932—the Democrats in the Senate were needling the Republicans about the rising cost of the federal Government. Then up rose old Sen. Reed Smoot, a distinguished Republican from Utah, and something of a Treasury watchdog.

"The cost of government has increased every year," said Smoot, "and it will continue to increase, I care not what party is in power."

This, as has been said, came to be regarded as an axiom of politics, especially after the Democrats took over.

The Democrats in their 1932 platform promised to cut government expenses by one-fourth. President Franklin D. Roosevelt actually started out to make good on that promise. Ultimately, however, he reversed himself in favor of a policy of spending, and the trend toward Big Government was underway.

The chances are that, even after Ike and his lieutenants finish their whittling-down program, the government establishment still will be a sizable one. In a country of 160,000,000, it takes a lot of civil servants to print and coin money, collect taxes, take the census, forecast the weather, administer the farm program, guard the forests and the borders, and do all the other chores that the people expect of Uncle Sam.

Anyway, old-time observers here think that Ike's assault on spending and Big Government is his most important break with New Deal and Fair Deal philosophy, and one of the important things by which history may judge him in the years to come.

Nevertheless, some members of the Republican Party are still far from satisfied with his conduct. Most of those who feel that way—especially members of Congress—only go so far as to mutter their dissatisfaction on an off-the-record basis. But occasionally some stalwart hauls off and tells the whole world how he feels about it. Thus, at the Governors' Conference in Seattle, Gov. J. Bracken Lee of Utah said that the Administration "remains too

Trends

New Dealish on too many things." He said it was "doing too many things we said were all wrong last fall."

It is true that Ike has adhered closely to the Truman foreign policy—or at least the Truman foreign programs. This explains why, in this particular field, the Democrats gave him even greater support than the Republicans in the last session of Congress.

In traveling around the country with the President, it has seemed to me that he has set out to do a tremendous missionary job, that of converting Republican isolationists to his own view of America's role in the world. This has not attracted much attention. The reason, I suspect, is Ike's way of going about it—the mildness of his approach and his refusal to quarrel with those who don't share his point of view. But by doing it this way he may in the end have a profound influence on the G.O.P.

From time to time, over the years, somebody has arisen in Congress to proclaim that isolationism is dead in this country. Of course, it just isn't so. Considering our traditions, it would be astonishing if it were so. The idea that America should mind her own business, trust in her own strength, and not get entangled with foreign countries, was a popular one in this country for a long time, and still is with some people.

• • •

There was a reminder of this when the President was out in the Black Hills, in Coolidge's old sanctuary, the Game Lodge in Custer Park. Some Republicans came over the line from Montana just to get a glimpse of Ike. They got to talking politics with reporters, and eventually, somewhat to the surprise of the newspapermen, said bluntly that they were "isolationists."

It was surprising because in Washington, headquarters of the reporters who were traveling with Ike, hardly anybody is willing to acknowledge that he is an isolationist. This is especially true of Senators and Representatives, no matter how isolationist they may be at heart.

But these hearty fellows from Montana saw no reason for embarrassment. They had been fed up with adventures in the field of foreign affairs. They felt that the United States had "bungled," had "lost the peace," and had poured billions "down the rathole" in helping unworthy allies.

They made it clear that their heroes were Sen. Robert A. Taft of Ohio, then alive but ailing, and Sen. Joseph R. McCarthy of Wisconsin. This didn't mean that they didn't admire Ike, too. They did and said so. Evidently, it was merely that they felt more comfortable with the foreign-policy views of Taft and McCarthy.

The Montana men were aware that the President was preaching a foreign-policy doctrine that was a little too "internationalist" for their own taste. However, they were willing to listen to him—and this was something they would have been extremely loath to do in the case of a Truman or an Acheson.

What Ike was saying on this particular tour—and what he almost certainly will continue to say—was that in the world of today no nation "can sanely seek security alone."

He was sharply aware of the attitude of those Republicans who feel differently. He referred to the "fortress" theory of defense, the theory that by means of an all-powerful Air Force and a chain of outposts we could hold off any enemy who might try to assault us—and need not bother to station troops overseas.

• • •

In a speech before the National Junior Chamber of Commerce in Minneapolis, the President took up this argument and answered it, saying:

"Why cannot the strongest nation in the world—our country—stand by itself? What does the United Nations matter? . . .

"There are many answers. I shall give but a few.

"A total struggle—let us never forget it—calls for a total defense. As there is no weapon too small—no arena too remote—to be ignored, so there is no free nation too humble to be forgotten. All of us have learned—first from the onslaught of Nazi aggression, then from Communist aggression—that all free nations must stand together, or they shall fall separately. Again and again we must remind ourselves that this is a matter not only of political principle but of economic necessity. It involves our need of markets for our agricultural and industrial products, our need to receive in return from the rest of the world such essentials as manganese and cobalt, tin and tungsten."

Ike said there was no such thing as "partial unity." He went on to add that there was no part of the world in which we could retreat from this unity. To give up Asia, he said, would be to let Russia mobilize a vast part of the world's population for aggression. To surrender Europe, he said, would be to double Russia's industrial power.

Ike seems most confident when he is talking about global matters. He is least sure of himself when discussing purely domestic affairs, and doesn't hesitate to say that he still is getting an education in this field.

The two Republican Presidents who seem to have influenced him most are Theodore Roosevelt, whose desk he uses at the White House, and Abraham Lincoln.

His middle-of-the-road philosophy about the role of the federal Government in American life is, Ike says, based on this observation by Lincoln:

"The legitimate object of government is to do for the community of people whatever they need to have done but cannot do at all, or cannot do so well. In all that the people can individually do well for themselves, government ought not to interfere."

Now

is the time to plan

Christmas

for your employees

Making Employee Benefit plans available to your employees is one of the finest things you can do for them and their families at Christmas time.

You don't have to have a large number of employees to provide Insurance Benefit plans for your people, and with the assistance offered by The Travelers, the procedure is simple.

The Travelers has been specializing in Employee Benefit plans for over a quarter of a century and can design a plan to fit your particular requirements, including one or more of the following forms of insurance:

> Employee Life, Salary Allotment, Hospitalization or Group Life, Group Hospitalization, Group Surgical and Group Accident and Sickness Insurance.

October is a good time to start setting up a plan so it will be ready for you to announce to your employees at Christmas.

Why not take the first step now? Phone your Travelers agent or broker and ask him to talk with you about plans for your employees' Christmas. His name and address will be furnished upon request.

YOU WILL BE WELL SERVED BY

The Travelers

HARTFORD 15, CONNECTICUT

SPECIALIZING IN EMPLOYEE BENEFIT PLANS FOR OVER A QUARTER OF A CENTURY

THE price of almost everything you buy today is a good deal higher than it was in 1939.

The U.S. Cost of Living Index has gone up 87%.

The cost of building a new home is up 141%.

The F.O.B. price of a new, popular-priced 2-door sedan is 148% higher.

Even railroad freight rates—which are set by the U.S. Interstate Commerce Commission—are up 82%.

The reasons for this are obvious. Prices are higher because costs are higher.

Costs in the oil industry are no exception. The cost of building a Union Oil Service Station has gone up 200% since 1939. Our other construction costs are up 149%. Steel pipe—a material we use by the trainload—is up 88%.

In spite of all this, the price of our 76 gasoline has gone up only 66%*.

Why aren't gasoline prices higher? First, our U.S. oil companies are operating in an intensely competitive industry.

Second, U.S. oil companies are big enough to finance vast research programs. So technological progress has been great.

By plowing back profits into better facilities, by improving processes and products through research, by eliminating waste, our U.S. oil companies have been able to offset rising costs with greater efficiency—and keep their prices down.

**Average U.S. prices for all gasolines have increased no more than this.*

UNION OIL COMPANY

OF CALIFORNIA

Incorporated in California, October 17, 1890

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL

SUNFED

Your name on a blank check

Taxpayers are on the spot again as the newest international aid scheme raises false hopes among the have-not nations

By HENRY LA COSSITT

AS A result of pressure that has been unrelenting and increasing since the end of World War II and the founding of the United Nations, there is now before the General Assembly of that international body a plan with a glamorous name that sounds as if it had been borrowed from a Florida resort: SUNFED.

The chances are that 99 per cent of our citizens never have heard of SUNFED. This is a pity. SUNFED, or something very like it, is going to be a problem of continuing and enlarging importance for the United States—economically and politically—for an indefinite period and we will have to solve it sooner or later whether we like it or not. So we'd better learn about it.

SUNFED is a plan with specific recommendations for global loans and/or grants-in-aid to underdeveloped, or have-not countries. The letters stand for Special United Nations Fund for Economic Development. The plan was evolved by a committee of nine, appointed by the secretary-general of the United Nations at the request of the Economic and Social Council (ECOSOC). On this committee were delegates from Pakistan, Belgium, Denmark, the Philippines, the United Kingdom, Yugoslavia, Chile, Mexico and the United States. Eduardo Suarez, of Mexico, was chairman.

Beginning last Jan. 21, the committee sat for seven continuous weeks, and in March submitted its 61-page report. This was laid before ECOSOC in its session at Geneva last summer and was the subject of some extremely sharp debate with the United States in the negative. Some of the smaller nations—among them the Philippines, dependent on the U. S. and usually our staunch ally—aggressively opposed our point of view. We were in a rather delicate position because of this, and were forced to beat a sort of strategic retreat to reorganize to meet the situation on new ground.

SUNFED, like many proposals before it, represents the yearnings of have-not, smaller countries to better themselves. It is their opinion that the United Nations—rather than any bilateral arrangement such as that between the Philippines and the United States—is the best instrument through which to work. They may be right. The American position is that while we are not opposed to this in principle, we believe this is not the time for it. Hence we have opposed all proposals for such funds from the beginning of the United Nations, as we are opposing SUNFED—the most recent and most strongly supported—now.

Sen. Michael J. Mansfield, of Montana, representative and American delegate in the General Assembly at the time, made our position clear in discussions of the plan that became SUNFED. Dec. 13, 1951, Mr. Mansfield told the Assembly:

"Under existing world conditions we are not pre-

SUNFED is a plan for global loans and/or grants-in-aid. Each nation would contribute according to its ability—or draw funds according to its need

pared to commit ourselves to any contributions to a fund such as is here being proposed."

Mr. Mansfield made this statement after consulting representative persons in both the American legislative and executive branches and he was expressing bipartisan opinion. What Mr. Mansfield meant was this: With 11 specialized agencies already affiliated with the United Nations—the International Bank for Reconstruction and Development is an example—for the purpose of helping the underprivileged nations and with the United States contributing on its own through the Mutual Security Agency (now Foreign Operations Administration) and the Export-Import Bank, to say nothing of Point 4 and the stockpiling program, any such thing as SUNFED seemed a trifle superfluous, not to say uneconomic.

It is an awesome statistic that the United States will have paid out, by 1954, some $50,000,000,000 in an effort to help underdeveloped nations and others more developed who have been down on their luck. This does not include our contribution to the United Nations agencies.

With this in mind, then, and with the armament burden increasing in the United States, Mr. Mansfield made his speech. If he had made it today he might have had other factors in mind as far as this country is concerned. The difficulties that the recent foreign aid bill encountered in the last Congress and the emphatic uproar that greeted President Eisenhower's request for raising the debt limit would seem to indicate practically no present American enthusiasm for any new foreign aid schemes.

Mr. Mansfield mentioned the tragedy of raising false hopes among the have-not countries, since the plan would be purely voluntary anyway. He pointed out that no matter how often the words "until circumstances permit" were used—as they are in the committee's report—the smaller nations would take the passage of SUNFED by the Assembly, or even its proposal as a concrete plan, at more than its face value. He said further that this would discredit the United Nations when SUNFED failed to provide anything but a vague and misty hope.

Mr. Mansfield argued in vain. On June 23, 1952, ECOSOC established the committee with a directive to prepare the report; on Dec. 21, 1952, the General Assembly approved the committee as appointed by Mr. Trygve Lie—all this over American opposition. That the United States was represented on the committee by Wayne Chatfield Taylor, former president of the Export-Import Bank and currently with the Foreign Operations Administration, signified no retreat from our position. In their letter to the secretary-general accompanying the report, the members made it clear that they were called on only to prepare a detailed plan for ECOSOC—and for the Assembly if ECOSOC chose to pass it on for consideration by the Assembly, which it did.

"We were not asked to discuss," they wrote, "nor did we consider, the possibility or advisability of establishing a Special Fund."

That is what the debate is about now. Nevertheless, the false hopes Mr. Mansfield and others foresaw were raised, as demonstrated by the zeal with which smaller nations, led by Yugoslavia and the Philippines, fought for the plan in the ECOSOC sessions at Geneva. Now they will fight for it in the Assembly.

The tragedy is that even if it is voted by the Assembly, it still will be meaningless, inasmuch as membership in SUNFED is purely voluntary, as are contributions, and there is as yet no sentiment among the have nations to be voluntary contributors.

Nevertheless, this poses a political question of the first magnitude for the United States. One of the outstanding problems of our time is the disparity between the developed, or have, countries, and those nations that are undeveloped, and are have-nots.

Some believe this to be the basic cleavage in the world community, even more profound than that between the communist and free worlds. These observers point out that the cleavage between the haves and the have-nots was there long before the communist-western world division and that it would remain even if the communist regime were overthrown next week and rapprochement between what is now the Soviet world and the West were effected.

How serious this cleavage has become is illustrated by the increasingly solid malcontent bloc of underdeveloped countries in the General Assembly, which tends more and more to vote as a unit in such economic matters as SUNFED. Because there are more have-not than have nations, passage of SUNFED, although actually meaningless, could yet have serious political consequences for the United States throughout the world as angry criticism of our attitude increases in the bloc of malcontent countries.

Such is the background of SUNFED and the politi-

cal atmosphere surrounding it. But, even assuming we favored such a plan right now, SUNFED is undesirable economically and is opposed by the Chamber of Commerce of the United States and other economic organizations. The plain truth is that the plan is a sorry, contradictory contraption, manifestly unworkable and obviously not in the best interests of anybody—even the have-nots.

There are 209 principal points to SUNFED. Discussion of a few will suffice. In the first place SUNFED would derive its capital from each nation according to its ability to pay but it would give to each nation according to its need. Since the United States is obviously the richest nation, it would, therefore, be called upon to pay the biggest share—but it would have little to say about the disbursement.

The report recommends that the participating governments meet annually, and every second year would elect an executive board of from eight to 12 governments, each of which would in turn appoint a director.

A director-general, who would be a permanent official, would preside. The board, then, would be authorized to make final decisions on all commitments by the Fund.

It is recommended that no director should participate in, or be present during, a vote on an application by his own government—but beyond this there are no particular rules as to voting. So if the United States, even though it might be the largest contributor to the Fund, should happen to disapprove the expenditure of its taxpayers' money in some Operation Rathole it could be outvoted, though never outcontributed. As a matter of fact, there are no restrictions at all on the operating authorities provided in the report, save their own judgments. Theirs is the final authority of audit and investigation, with no compulsion to report to any other United Nations body or member nation.

Moreover, they would be actually powerless to enforce anything. The report gravely warns: "Governments assisted by the Fund should strive for the effective mobilization and utilization of their internal and external resources to promote their economic development." Apparently, this is a prerequisite to funds from SUNFED, but who is to judge of this, much less enforce it? The report sternly forbids use of funds for military purposes and presumably the executive board would watch this; yet it could not prevent the use of such capital for illegal purposes.

Suppose the nation in question were Poland, for example. Poland, thus admonished, might assure the board it was using the money properly and even invite inspection. But funds released by the SUNFED loan and/or grant-in-aid could certainly be used for armament in Poland and might even be used for the benefit of Russian arms, which would place the United States in the weird position of financing an enemy.

The report states that, since an economic program is a long and tedious thing to prepare, the Fund should not insist on one before lending or granting money. It means, in effect, that a nation could come before the board and ask for a blank check for indistinct projects vaguely specified or even unspecified and go away happy with pockets bulging. Since members of the board have equal votes whether the nations they represent contribute \$1 or \$1,000,000,000, this could lead to some fine finagling and the ultimate proof of the adage that loans by a political agency are inevitably more political than economic.

Moreover, the applicant nation with no economic program could get its money at "rates of interest . . . substantially below those charged by the International Bank or similar lending institutions." This gratuitous competition with another affiliated United Nations institution—and one that has been proved sound—seems odd, if not suspicious.

Also giving pause is the recommendation that, while higher interest might be charged at the board's discretion, such charges still should be "appropriately moderate and less than commercial." Just why this penalty should be levied against private banking institutions, none of the planners has explained. Nor does it make sense in the light of another recommendation that invites private capital to participate in the Fund. It is certain that no private capital source would wish to participate in the Fund with such policies as have been recommended.

Private capital, indeed, might be interested in such a fund charging higher, not lower, interest rates. Thus, if a nation had exhausted all other sources of borrowing, it might go to the Fund and receive capital for a risky venture—but at a premium. Such, however, is not the case. *(Continued on page 82)*

As proposed, SUNFED's operating authorities would be under no restrictions except their own judgments. Theirs is the final authority of audit and investigation, with no compulsion to report to the United Nations or member countries

TO BE PART, TAKE

You may not dine with queens, walk with

PHOTOS—HARRIS & EWING, INTERNATIONAL, WIDEWORLD

. . . Paul Wooton's success formula,

THERE are many ways to become widely and favorably known in your community. You can prove that you're brighter than anybody else, or richer, or noisier. You can even win a certain kind of fame by being the meanest man in town.

But there is a better road to prominence. That is the road Paul Wooton chose, guided by such convictions as "to get consideration you must deserve consideration"; "you must pull your weight"; "you must do more than your part."

A short, well-padded man of 73 who wears dark suits and rimless glasses, he looks more like a benevolent small-town parson than the traditional big city newshawk. He never attended college. When he first came up to the capital from the South 39 years ago he was far from sure of himself.

But Mr. Wooton started being of service to other people right from the beginning, and he has been doing that ever since. Year after year, he has given time and effort to every worthy organization, committee, cause or movement that could use his help. He has performed all kinds of thankless tasks for the press corps which other newsmen avoided.

As a result, Paul Wooton is now probably the best loved correspondent in Washington and also one of the most influential. He is certainly the most ubiquitous. He goes everywhere and knows everybody. Six Presidents have called him by his first name and he has been equally well acquainted with most of the cabinet officers and lawmakers of four decades. Doors constantly are open to him which almost nobody else can enter.

Paul came to Washington in 1914, as a correspondent for the New Orleans *Times-Picayune*. He has served that paper ever since and his name has been a byword throughout Louisiana for two generations. In New Orleans, in fact, he is often called "Mister Washington," and in Washington, sometimes his friends salute him as "Mister New Orleans."

In addition to his stint for the *Times-Picayune*, he has corresponded for a large number of business and trade publications and served as an ambassador in the capital for the whole business press. He contributes to *Dun's Review* and is a member of the editorial board of the Chilton Publications, and is executive chairman of the Society of Business Magazine Editors, which represents 120 leading business, trade and professional periodicals. He has also been, among other things, president of the National Press Club; president of the White House Correspondents Association; president of the Overseas Writers; chairman of the Business Papers Correspondents' Committee; president of the Louisiana Society of Washington; and president of the Washington Society of Engineers, although he never did a day's engineering work in his life and cheerfully admits that he would hardly know a T-square from a logarithm.

Even that isn't all. Wooton also is active in the Gridiron Club, which is comprised of 50 top political correspondents; a luminary of the Press Gallery of the Senate; an elder of the National Presbyterian Church; a member of the Metropolitan Club, the Cosmos Club, and the Chevy Chase Country Club; was made a member of the Order of St. Olav by King Haakon of Norway in recognition of articles he wrote about the Norwegian resistance movement during the war; and wears in his

Paul Wooton is "at home" with world leaders: from left, above, with Queen Juliana of the Netherlands, with Princess Elizabeth of England, with President Roosevelt, Prime Minister Churchill and President Harry S. Truman

PART

By CLARENCE WOODBURY

princesses, chat with statesmen—but . . .

service to others, can work in your town, too

lapel a tiny ribbon which proclaims him to be an Officer of the Order of the British Empire.

This last honor came as the result of a small labor Paul performed for Princess (now Queen) Elizabeth of England when she visited Washington in 1951. Through the British Embassy, the Princess had let it be known that she would like to meet with the press while she was in Washington, and the collective press, having come to depend upon Wooton to do just about every kind of official chore for it, delegated him to stage the affair. Adroit from long practice at such assignments, he set up a reception in the grand ballroom of the Hotel Statler, handled arrangements for 800 correspondents, and presided over the party with his customary benevolent air.

He made one *faux pas* though. He didn't know that commoners are not supposed to touch royalty and when the Princess was turned over to him he steadied her up the steps to the speaker's platform with a firm hand on her elbow.

"She didn't try to pull away from me either," he recalls with pleasure.

"Just tell me what to do during the proceedings," she said, "and I will."

(Continued on page 62)

EDWARD BURKS

I WORKED FOR THE RED NAVY

...a welder who escaped from behind the iron curtain tells how Russia uses forced labor to gird for war...

By ZANIS NICIS as told to O. K. ARMSTRONG

I AM A Latvian workingman, an expert welder. Since 1939, when my apprenticeship ended, I worked at the Tosmare factory at Liepaja, through the short but happy time when Latvia was still independent, through the dark days of the first Soviet occupation of 1940-41, through harsh Nazi occupation until the surrender, and during eight years of communist terror, until I escaped with my family to Sweden in January, 1953.

My wife and I can tell you of life in what communist party leaders call "the workers' paradise." We have lived it. We can tell you how abundance has turned to poverty, how happiness has turned to sorrow, how personal liberties have been destroyed, cherished national customs stamped out.

For eight years, the process of sovietizing Latvia has gone on. Like a huge snake that has swallowed a rabbit, the USSR is digesting the Baltic lands—Latvia, Estonia and Lithuania.

We did what many thousands in our country would like to do. We escaped. Our flight was marked by tragedy, because we lost our little girl, Inese, two and a half years old. Now that my wife Lilija and I, and her brother, Gunars Cukurs, have come to America, I must say something to awaken free people to the seriousness of the communist threat, and to convince them that this threat can be overcome. I can put it in two sentences:

First, there will be no freedom anywhere if the communists succeed in their plan to take over other countries as they have Latvia; there will be—for all humanity—only the same slavery of body, mind and spirit that we have known.

Second, revolts and resistance by peoples behind the Iron Curtain—as you call it—prove the people hate communism, and with proper support they will overpower it from within.

When, after our escape, we saw how the people of Sweden live, and the people of other western nations, with high wages, comforts, lack of fear, happiness and well-being, we understood why the Russians have sealed off the Baltic countries. The Iron Curtain is not so much to keep visitors away as it is to keep their slaves from getting out and seeing how false are all communist promises and practices.

Even now it is hard to get used to freedom. Fear clutches our hearts when we hear people openly discussing public questions. We find it hard to believe that we are not followed by secret police.

My home town of Liepaja is the second largest seaport of the Baltic states, and the only one open all winter. In the days of the tsar, it was the most important Russian navy base. Now it is the same—the biggest base, more important than Leningrad. All the Red fleet is centered there. The Tosmare plant is the most important naval factory in Latvia, the main facility for equipping and repairing Red fighting ships.

When war broke over Europe in 1939, the Soviets, through agreement with Hitler, seized the Baltic lands. Our factory was converted to military production. The Germans took over in 1941, and we worked to feed the Nazi war machine. In the spring of 1945 we hoped that the Americans would come. We knew that if the Americans came there would be freedom again. But the Soviets returned.

Our province of Kurzene was the last to hold out against the Red Army. Latvian patriots fought to the end, but the Russians overpowered everything. They raped, robbed, stole, burned and destroyed.

On May 9, 1945, Red commissars took over our plant. Among them were a few Latvian communists and traitors, but mostly the supervisors

(Continued on page 76)

IMPORTS ARE VITAL TO YOU

IMPORTS are only a blurred footnote on the bright page of our prosperity in the thinking of most U. S. businessmen.

This myopic tendency cost American taxpayers $80,000,000,000 between 1914 and 1950. This is the kind of "bill" we have been paying to subsidize our recurrent excess of exports over imports by means of gifts, grants and loans to other countries. In a single year the bill has amounted to nearly 20 per cent of all federal income tax payments, personal and corporate.

Efforts to explain our indifference toward our import policy range from economic illiteracy to overabsorption in the domestic market. It has even been suggested that, as a people, we are psychologically fixated on selling; we consider that to sell is dynamic and that to buy is in comparison passive and receptive.

Still, for 1953 our imports are mounting toward $12,000,000,000. Although this will comprise only about four per cent of our national income—in contrast to some 40 per cent for Norway, 34 per cent for the United Kingdom and New Zealand; 30 per cent for Switzerland; 29 per cent for the Union of South Africa; 16 per cent for Japan; 14 per cent for Argentina and ten per cent for India and Pakistan—the value of imports to us is in inverse ratio to their size, whether appraised in money or tons. Increasingly our production process and ways of living depend on imports.

From beyond our borders we bring in nearly all of the tin we use in cans to preserve food, beverages, tobacco; as solder in radio and television repairs; as an alloy in pewter and brass ware; as a compound in ammunition; in metal containers that hold everything for our armed forces from jet fuel to penicillin. Eight out of every ten tons come from Malaya and Indonesia which, together with Thailand and Burma, possess nearly three quarters of the world's reserves. The U. S., including Alaska, has next to none, although we require half the world's supply.

Over and above our own needs, tin is a decisive commodity, not only in the three-cornered type of trade which sustains the free world economy, but also in the West's struggle against communism. In 1952, for example, we bought most of Malaya's tin output for $123,000,000. But we did not pay for it directly by shipping to Malaya the dollar equivalent in machinery, trucks, or other wares; indeed, we sold Malaya only $36,000,000 in goods.

However, Malaya was buying from Britain $250,000,000 in merchandise at the same time we were selling Britain $675,000,000 worth. This is what happened: Malaya converted the dollars we paid for tin into British currency to reimburse British firms; Britain, in turn, used the dollars obtained from Malaya to help settle its accounts with American vendors.

This triangular trade is subject to frenzied swings in the price of tin which, when war broke out in Korea, kept rising from 76 cents to $2.01 a pound, then sliding to $1.03 until early in 1952 when it was established at $1.21½. Last spring the price began to decrease abruptly, is currently about 80 cents.

Amid all the frantic bidding to build up industrial and military stockpiles, it was often forgotten that even in normal times, tin—along with copper, rubber, oil, coffee and other international commodities—gyrates wildly in price and in quantity exported. A survey of 14 such commodities covering the 1900-1950 period shows that they fluctuate an average of 18 per cent in annual price, 25 per cent in the amount sold abroad, and 35 per cent in receipts of foreign currency.

Tin's sensitivity to ups and downs of the world market complicates all attempts to check communism in Southeast Asia. Today our tin inventories are brimming over; but the USSR is eager to lay its hands on all it can get—the more especially since the tantalum found in tin slag and the ore struverite is invaluable in constructing cyclotrons. Purchasing agents from A. I. Mikoyan's Foreign Trade Ministry have been peddling the idea that the Soviet Union is a steady dependable outlet. They argue that the USSR is a constantly expanding economy and therefore immune to "boom-and-bust" cycles which characterize the U. S. and other capitalist powers.

The case of rubber, especially for heavy truck and plane tires and military purposes, is almost identical with that of tin, but less urgent in view of our flourishing synthetic rubber industry.

Similar considerations in price and national security surround nearly all the metals we have to obtain from foreign suppliers. We import (chiefly from Korea, Bolivia, Portugal, Spain) 70 per cent of our tungsten vital to high speed cutting tools, oil drilling bits, armor piercing projectiles, vacuum tube electrodes.

Without the 95 per cent of the manganese we acquire from India, the Gold Coast, the Union of South Africa, and Cuba, steel ingots would retain impurities of sulphur and oxygen, crack up under strain, and deprive both civilian and defense industry of its carbon steel backbone.

Moreover, the U. S. has in recent years become a deficit nation in such key resources as lead, irreplace-

able as protection against radio activity in both A and H bomb plants, in storage batteries, as an antiknock agent in gasoline, and in countless other applications. Out of every 100 pounds of lead we use a year, we lose 40. Some 30 per cent of our lead comes from U. S. mines, an equal amount from scrap, but 40 per cent from imports (Canada, Mexico, Peru, Australia) which are growing at the rate of 2.6 per cent a year.

Our copper imports have risen even more dramatically—from 1,000 to 550,000 tons a year since 1940.

Altogether for nonferrous ores, metals and ferroalloys, including bauxite for aluminum (66 per cent imported), chromite for metal plating (90 per cent imported), cobalt for enamels, inks, glazes (47 per cent imported) and others, we are spending about $1,500,000,000 a year.

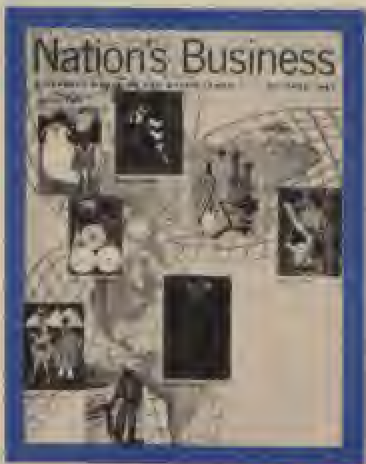
But we spend nearly as much for coffee alone—about $1,300,000,000 for the 2,500,000,000 pounds we annually consume—94 per cent of it from Brazil, Colombia, El Salvador and four other Latin American countries where economic existence centers around coffee exports, along with several others where it is a major source of revenue.

Earnings from their combined coffee sales to the U. S. cover about a third of the cost of the $3,400,000,000 worth of goods they buy yearly from us, half of it in light and heavy industrial equipment vehicles, parts, textiles.

Coffee is an illustration of the two-way trade in which an industrial country wants an agricultural product and has a variety of manufactures to offer in exchange for it.

Furthermore, our imports of 70 per cent of Latin America's coffee form the basis for our own $2,500,000,000 coffee roasting and distributing industry.

Today's coffee prices result from a production lag induced by memory of depression surpluses and bankruptcies among growers who are not displeased to ride the present boom, and—perhaps more than anything else—by cumulative higher costs, especially for labor. To grow coffee entails a vast amount of careful labor to plant the seedling, prepare the soil for trees which take five years to yield, hand-pick and hull the coffee fruit (called "cherries," 2,000 of which go into a single pound of roasted), sun-dry the green beans, and transport them by mule, oxcart, wagon, river boat, truck or railroad to the processing plant.



The same element of high labor costs does much to explain the $550,000,000 the U. S. annually spends to import "apparel wool," which also appears in blankets and upholstery, but is not to be confused with top-grade woolen and worsted fabrics of which we import only $44,000,000, or wool noils for felt hats, $20,000,000, or wool yarns, $4,000,000. Apparel wool of the kind most directly competitive with domestic output has a much lower wage overhead in Australia, for example, than in our western states.

What keeps the U. S. sheep rancher in a good competitive position is his "double take," based not only upon clothing demand but also upon our national addiction to lamb chops as well as his nearness to populous markets.

Apparel wool imports carry a duty ranging from eight to 37 cents a pound and typify the kind of protection U. S. domestic producers tend to expect from their Government. It has been estimated that if this tariff were to be suspended, the imports of apparel wool would soon rise by at least 25 per cent a year.

Exerting a similarly restrictive effect is our quota system on raw sugar, some 75 per cent of which we import (chiefly from Cuba). If this restriction were lifted, sugar imports would go up an estimated seven to nine per cent of their current $400,000,000 a year.

On the other hand, many important commodities enter the U. S. on the free list.

Newsprint is a prime example. Last year our presses used 5,400,000 metric tons at $136 a ton, getting 4,400,000 metric tons from Canada, and picking up oddments from Finland, Norway and Sweden to round out whatever else we lacked from U. S. mills.

Some imports are mainly economic in their significance. Others are strategic, still others political, but oil combines all three attributes.

Today the U. S. is consuming about 2,400,000,000 barrels of oil per year, 88 per cent of it supplied by domestic production. But in 1975 we will be needing about 5,000,000,000 barrels a year, with our own output forecast at 2,600,000,000 barrels, unless an almost incredible number of new fields are commercially developed.

The prospect is that 22 years hence we will be importing 2,400,000,000 barrels annually from the Caribbean area, the Middle East, even Indonesia. Hence our oil industry's direct investments of $4,000,000,000 in foreign oil fields cannot be divorced from national defense interests.

Our foreign commerce has never exceeded more than seven to nine and a half per cent of our total transactions. Yet in payrolls alone it today means 300,000 jobs in machinery manufacturing, 305,000 jobs in trade and service enterprises, 225,000 more in transportation, 100,000 in chemicals, and another 1,500,000 throughout the rest of our economy from Wall Street clerks to cotton growers and pickers.

The connection between our export-import pattern and profits and jobs is illustrated by the fact that in 1952 we bought from Venezuela some $340,000,000 worth of oil and sold her $500,000,000 worth of factory and farm products—three fifths of which were paid for by her oil shipments to us.

At the moment, our oil imports are 12 per cent of our total consumption, almost all of them coming from Latin America. By contrast, western Europe depends upon imports for 95 per cent of its oil supply, mainly from Saudi Arabia, Kuwait, Iraq where fields are virtually as vulnerable to enemy attack as tankers plying the Mediterranean to Toulon.

Hence if World War III should break out, Pentagon planners want to be sure of an oil backlog for the U. S. They figure it should be at least 15 per cent of current consumption to make up for the cutoff of Middle Eastern supplies.

Some strategists claim that if we were to devote an additional seven tenths of one per cent of our national income to buying western Europe's goods, this would provide it with $2,000,000,000 more a year.

Western Europe could then appropriate more of its funds, proportionately, to oil purchasing and to storage and other facilities it now lacks. Such additional income from U. S. imports at this critical juncture might be the catalytic agent propelling the continent toward solvency and stability.—HERBERT HARRIS

WERNER WOLFF, BLACK STAR

I RUN A DEPARTMENT STORE WITHOUT CLERKS

By **ALBERT M. GREENFIELD**

Chairman of the Board, City Stores

as told to **STANLEY FRANK**

Here is what happened when a large retailer switched to self-selection

RETAIL merchants still using selling methods as obsolete as the celluloid collar were thrown into a typical turmoil in May. They were stunned when Hearn's, the oldest department store in New York (founded in 1827) and one of the largest (volume in excess of $25,000,000 annually), announced it was going on a complete self-service, self-selection basis. Every sales counter was ripped out and every salesclerk was assigned to the job of replenishing the stock and keeping it in order on new display racks.

Self-selection is an old story in the food and soft goods fields, of course, but instituting the policy in a conventional department store carrying hard lines and major appliances was regarded as a bombshell in merchandising.

The furor kicked up by Hearn's announcement was as absurd as the send-off naive people gave me for the decision. Self-selection, a principle that goes back to the ancient market place, inevitably must be adopted by every retailer who derives his profit from volume, because it is the only answer to the staggering overhead and labor costs that plague management. Equally pertinent, it is the sales approach geared to the habits and temperament of the public today.

Most executives pushing middle age—a euphemism for us old-timers—tend to forget a significant fact recently highlighted by a Du Pont survey. Fully 78 per cent of the public does not remember World War I and 44 per cent were children when World War II began. In other words, nearly half the consumers have been trained to wait on themselves in food supermarkets, where they spend the bulk of their money. They don't want to waste time shopping and they like freedom of choice uninhibited by clerks. Above all, they have been educated to look for supermarket prices.

The markup in food averaged 29 per cent just eight years ago, at the end of the war. Today, the food markup throughout the country is approximately 18 per cent. This startling reduction has been effected by the tremendous growth of supermarkets which, with their low overheads, have forced competitive grocers and butchers to meet their prices.

Everyone gripes about the high cost of food, but I shudder to think what conditions would be on both sides of the fence if the markup had not been cut in half, with a resultant saving to the public—and an increase in merchant's volume. Despite the complaints, the per capita consumption of food has climbed faster than the rising curve of prices.

I contend the same results can be achieved in all lines with self-service and self-selection. To be specific, the markup in New York department stores now ranges from 35 to 38 per cent. It can be slashed to 26 to 29 per cent by copying the bright idea of William Saunders, the founding father of the supermarket, who launched the Piggly Wiggly chain more than 35 years ago.

It's high time all of us realized, as Mr. Saunders did, that people basically sell themselves on the criteria of price and quality. In the mass market, salesmanship and fancy refinements of service won't influence the indiscriminating Mr. Sweeney if the price is not right. Clinching proof that values are the lures that bring customers into stores and stimulate buying was given by Hearn's when our new policy was introduced.

The change-over was made under the worst conditions imaginable. The employes' union called a strike and set up picket lines that operated continuously during store hours. Hearn's main store is in an extremely sensitive labor area, just one block from Union Square, the nerve center of radical movements in America. Many customers were reluctant to cross a picket line, I know. We were seriously understaffed and even old, loyal employes were not familiar with new procedures. On top of it all, the store was in the process of remodeling and our complete stock was not on display.

Yet, in the face of those complications, our gross sales held up surprisingly well and in several key departments exceeded normal volume. Why? We put on a storewide 20 per cent sale to combat the strike and the customers came a-running with cash, ignoring the pickets and the inconvenience, to take advantage of the bargains offered. They'll do it every time. Simpson's, one of Montreal's leading department stores, had virtually the identical experience last October. There, too, the store was hit by a strike and the setup for self-selection was not fully installed, but Simpson's also showed an increase in business.

A number of entrenched merchandising principles which never had

been challenged were exploded as soon as we instituted the new system. Self-appointed experts always insisted that salesclerks were needed to explain the quality and distinctive features of heavy, expensive items such as furniture, carpets, drapes, radios, television sets, refrigerators and other major appliances. It also was claimed that the public had to be shown how mechanical gadgets worked to expedite sales.

More nonsense. In Hearn's main branch there formerly were seven clerks in the furniture department each getting a seven per cent commission. Immediately after the switch to self-selection, at the height of the strike agitation and other confusion, one salaried clerk who merely accepted orders and told people where they could find what they were looking for sold $3,000 worth of furniture in one day, well above the normal figure. Strange clerks who didn't know an electric condenser from a can of condensed milk sold refrigerators, stoves and TV sets simply by showing floor models and going through the motions of repeating information on manufacturers' placards which purchasers could have read themselves.

I firmly believe old-fashioned merchants consistently underestimate the intelligence and the cultural level of the public. It hardly is necessary to explain the workings of gadgets and appliances to customers who are familiar with cars, television, washing machines and the host of mechanical aids in common use. The generation now raising families and buying the bulk of consumer goods is largely high school educated and has grown up in an electronic age. Further, the public, constantly exposed to advertising and educational campaigns, is better informed than at any time in history. If the blunt truth must be known, customers are smarter and more discriminating than the general caliber of clerks. Too often, a languid, incompetent employe is more of a hindrance than a help in making a sale.

A woman shopping for a pair of drapes, a rug or a chair for her living room enters a store with a definite notion of what she wants. She knows the style and color that will blend with her other furnishings and the only service she requires is to be shown what she has in mind. A clerk is superfluous when the stock is on display and readily accessible for inspection.

If the woman is undecided, she wants time to browse, to examine and compare merchandise, much as she does when she buys a dress or a hat. A clerk hanging on her neck restricts her freedom of choice and is apt to make her feel self-conscious. Rather than waste a clerk's time, customers often make purchases they intend to return—and I don't have to tell any merchant what the cost of handling such transactions does to his overhead. The National Retail Dry Goods Association estimates that returns comprise 7½ per cent of the gross sales in department stores and close to ten per cent in large specialty shops.

The public no longer is swayed by suggestive, high-pressure selling over the counter. People today resent such tactics because they are more independent-minded and prefer to be guided by their own tastes and opinions. When they need something they go out and buy it influenced by price, advertising, a manufacturer's reputation and the past performance of his product. Conclusive evidence that customers are conditioned by brand names is found in the mail-order and telephone sales which represent a substantial part of any large store's business. A national advertiser can do a much more effective job of persuading the consumer than a clerk's pat sales talk.

There is one exception to the proposition that people basically sell themselves. Self-selection is unsuited to luxury stores catering to an upper-class clientele and we have no intention of introducing it in such establishments in our organization. Older people whose habits are rooted in the prewar pattern want personal attention, and it probably is necessary to appeal subtly to the vanity and individuality of a potential purchaser of jewelry, expensive furs, better-grade cosmetics and other items in that category.

The demand for such service—and the willingness to pay for it—has dropped so sharply in the last decade, however, that only a relatively small handful of stores is obliged to provide it. During the wartime shortage of servants, upper-class housewives were forced to be self-reliant. It was quite the thing in fashionable suburban circles for women to laugh at dishpan hands and housemaids' knees while the men gravely compared calluses acquired doing unaccustomed chores around the house. And don't forget that several million wives and parents whose breadwinners were in the armed forces struggled on reduced incomes while prices were skyrocketing.

People in comfortable as well as straitened circumstances had to do more things for themselves and learn to get along without services previously taken for granted. After the war, when the murderous inflation, mounting labor costs and heavy

(Continued on page 73)

UNCLE SAM'S 12,000,000 WARDS

NB SUMMARY

HUNGRY and despondent hordes of refugees still roam the far corners of the earth—even after eight years and more than $1,000,000,000 in aid provided for their relief by American taxpayers.

Today, we are supporting or contributing heavily to major refugee programs carried on by seven governmental and intergovernmental agencies, and to the less ambitious activities of another six such organizations. U. S. government workers who spend full time on displaced persons problems, and employes of United Nations and intergovernmental agencies that lean heavily on the U. S. Treasury, are scattered through 21 countries on six continents.

Despite extensive efforts to feed, clothe and shelter these displaced persons, and to provide for them some measure of security and useful employment, their numbers are increasing, the areas into which they flee or are driven are spreading—and our programs to help them have become far more complex.

One of every 100 of the world's population today is a refugee.

What have we done—and what more can we do—to meet the needs of this vast army?

Present estimates show that 12,000,000 fugitives from religious and political persecution in western Europe, the Middle East, southeast Asia and the Far East, are costing us money. Another 10,000,000 in Pakistan and India threaten to do so.

It is impossible to detail accurately either past or present U. S. expenditures for refugee programs because many agencies now in the field came in by the side door. Of 13 now operating, only three were expressly set up for refugee work. The rest became involved through connection with other programs.

The U. S. Army, for example, has spent millions of dollars in direct relief in the course of military operations in western Europe and Korea. Mutual Security Agency, now Foreign Operations Administration, has spent $100,000,000 in Greece, more in Germany.

Adding to the complexity of the situation is the fact that our Government has never considered refugeedom as a single problem to be measured by a single standard and subject to a single policy.

During the immediate postwar period we had only one major refugee problem and one agency to handle it. The International Refugee Organization was established as a temporary agency of the UN to help solve the problem of more than 1,000,000 people in the camps of western Europe who were unwilling to return to their homes behind the Iron Curtain.

When the IRO had largely completed this charge by 1951, by resettlement to 115 countries, it went out of business. We have replaced it a little at a time.

The United Nations High Commissioner for Refugees (UNHCR) was set up to give legal and political protection to those without home governments who would remain in Europe after IRO was gone.

Next, the resettlement function was taken over by the Intergovernmental Committee for European Migration. And, finally, we revived another IRO function when the U. S. Escapee Program was established to aid Iron Curtain refugees who have escaped since 1947.

The functions of the 1948-51 Displaced Persons Commission will be reborn this fall when the State Department embarks on a three-year program to admit to the U. S. 209,000 refugees and special immigrants from Europe, the Middle East and the Far East. About 200,000 will come from Austria, Germany, Greece, Holland, Italy and Trieste, and 140,000 of the total will be refugees from communism.

Meanwhile, new refugee problems in other areas have stimulated creation of new agencies. The United Nations Relief and Works Agency was founded to assist 875,000 Arabs who have been homeless in the Middle East since the State of Israel was carved out of Palestine. Two agencies, the United Nations Korean Reconstruction Agency and the Army-directed United Nations Civil Assistance Command, were organized to help the 4,500,000 displaced persons in South Korea and later to undertake reconstruction of the country. More than 750,000 anti-communist refugees in Indo-China get relief through the Foreign Operations Administration's programs.

A complex set of eligibility rules has evolved from this piecemeal approach. The rules offer help to some, withhold it from others, under almost identical circumstances.

Czechoslovakian refugees of German stock, or those of German ethnic origin from other satellite countries, have not been eligible for aid from either the U. S. Escapee Program or UNHCR if they sought asylum in Germany. They have received indirect help from FOA, however. These same refugees would have enjoyed the protection of UNHCR as well as FOA if they had gone to Austria.

The 10,250,000 German, ethnic German and Iron Curtain fugitives now in the German Federal Republic are, collectively, the concern of four U. S. agencies, one intergovernmental agency and one United Nations office. These mothering bureaucracies are USEP, FOA, the State Department, U. S. High Commissioner, ICEM and UNHCR.

In addition to these official arms of national and international government, scores of private and civic organizations are engaged in assistance to refugees.

There is growing sentiment on Capitol Hill for a thorough streamlining job of the U. S. part in the relief program. A subcommittee of the Senate Judiciary Committee has been studying the many facets of the global situation for months. One suggestion emerging from this study proposes a U. S. Commissioner of Refugees to take over all American refugee assistance and migration programs. To simplify matters, the proposal would define a refugee as one who is out of his usual place of abode because of persecution, fear of persecution, natural calamity or military operation.

Spurring the congressmen in their streamlining job is the realization that relief is a continuing problem—that the pressures, national and international which produce refugees continue unabated and are, in fact, increasing, especially in eastern Europe.—CHARLES T. REYNER

A *banker* RUNS THE

PHOTOS BY EDWARD BURKS

THE FIRST time I saw Roger Steffan he was lost. That was in the dramatic days about two weeks before President Eisenhower's inauguration. Mr. Steffan was trying to get off the White House grounds and was headed down a path leading to the carpenter's shop. Halfway there he realized his error and turned back.

Now the retired vice president of the National City Bank of New York is intimately familiar with the White House. Last December Mr. Steffan had no idea he would end up there as director of operations. He had retired at the age of 60 and with his wife had looked forward to personal management of the fruit ranch they had acquired almost 20 years ago near Vista, Calif. They wanted also to be near their married daughter and their grandson.

But Roger Steffan's name turned up on a list at General Eisenhower's headquarters—a list of businessmen deemed qualified to get the new Administration on its feet as rapidly as possible.

Invited to the Hotel Commodore, Mr. Steffan met Sherman Adams, the former governor of New Hampshire and Ike's chief of staff. Mr. Adams told him about the job that Ike wanted him to take—a job that had never existed before.

The Steffans went on to California, but only long enough to spend Christmas with their daughter and to retrieve the personal effects they had shipped on to the ranch. By Jan. 5 they were back in Washington and Mr. Steffan began to "case" the White House. That is how he came to get lost.

He wanted to learn the layout of the Executive Offices, and he decided the best way was to wander around on his own, learning where the various doors and passages led. He learned about operations simply by asking people what they were doing.

Soon, sinister rumors about Mr. Steffan were current. That snoop Steffan was making everyone quake in his boots. Some of the employes believed there would be wholesale dismissals as soon as the new Administration took over.

Mr. Steffan's appearance seemed to verify the rumors. Five-foot-eleven and lanky, the new director of operations has rather sharp features. Keen blue eyes peer out through metal-rimmed spectacles. He asked questions but said little. His long, slow stride gave the uneasy the idea that he was stealthy.

Some of the comments were derisive. He was to have a job that had not existed before—and was that the way the Great Crusade was going to economize?

Mr. Steffan was unaware of all this until the day before Harry Truman was to move out.

"We were trying to get things set up before the inauguration to move in," he says. "I just came down here to work out principally space details and personnel details. After all, you have to move in one night and begin to operate this thing just as if you've been doing it all your life. I didn't think my job was of great magnitude. It was not as big as some I have held, but I wanted things to go smoothly.

"So the day before inauguration I came down here to meet Howell Crim, the chief White House usher, who was doing all the supervising. I had not met Mr. Truman and I thought everything was going harmoniously. No harsh words had been spoken by anybody, including myself, and all of the outgoing officials whom I had contacted were very cooperative.

"Mr. Crim and I were taking a last look at the preparations. We were starting over to the East Wing. The President came out of his office and said to me, 'Are you the person who has been pushing my people around?'

" 'Why, sir, I don't believe it's like that,' I said.

"He said, 'Well, I don't like it and remember you're just here on sufferance.' "

Mr. Steffan tells the story now with a quiet smile and a twinkle of his blue eyes. What he likes best, though, is the sequel.

"I was telling the story to Senator Bricker (from Mr. Steffan's home state of Ohio). He said, 'You

WHITE HOUSE

As manager of the Executive Mansion, Roger Steffan is using business methods that have reduced the cost of operation to $1,800,000—a saving of more than $100,000 the first year

By ANTHONY H. LEVIERO

With MR. STEFFAN, *from left are* MISS POLLY J. CANFIELD, *chief of social correspondence;* ARNOLD W. HAWKS, *chief of records;* MISS GRACE E. EARLE, *acting chief, telephone service;* HOWELL G. CRIM, *chief usher;* MRS. RENA RIDENOUR, *chief of correspondence;* HERBERT L. MILLER, *assistant executive clerk;* MRS. LILLIAN B. PRATT, *personnel officer;* THOMAS R. PADGETT, *chief of mails;* WILLIAM J. HOPKINS, *executive clerk;* DEWEY E. LONG, *chief, telegraph, code and travel service;* MRS. ELIZABETH BONSTEEL, *chief of files;* FRANK K. SANDERSON, *administrative officer;* and MRS. HELEN L. COLLE, *secretarial assistant to* MR. STEFFAN

should have told Mr. Truman you were not here on sufferance, you were here on suffrage.'"

The tension is all gone now. There was no wholesale dismissal of civil service employes, some of whom have been serving Uncle Sam since the Coolidge Administration.

It wasn't long after the inauguration that the White House employes found out that Mr. Steffan was no Simon Legree at all.

"I'm very fond of him," says one of the girls. "He scared me half to death, though, when I first went to work for him. He gives the impression of being ice cold, but really he's very pleasant and nice to talk to."

"He looks like a banker who isn't going to lend you any money," says a colleague on the President's staff. "But when you get to know him he is like the friendly neighborhood banker who will lend to the limit."

The director of operations is quiet-spoken and kindly, and has a sense of humor that belies his appearance. Old hands at the White House now tell you that the job he is doing was always needed.

Mr. Steffan chuckles as he talks about his work in a rather self-deprecating way.

"I do everything nobody else wants to do," he says. "First I took over direction of the White House budget. It is small as is, and will be smaller next year."

Mr. Steffan prepared a compact version of the proposed budget approximately the size of his desk pad. He kept it on top of his desk for weeks so that his eyes could settle on it between chores. He also gave it special intensive study.

As a result he brought the fiscal '54 budget down to $1,800,000, which is $104,790 lower than the budget for fiscal 1953. Having had nearly six months to work with the fiscal 1953 budget, which ended on June 30, Mr. Steffan had made economies in that, too.

"I'm giving the Treasury back seven or eight per cent," he says.

Mr. Steffan startled Mr. Crim early in the new Administration. The chief usher has been on the job through several Administrations, and when President Eisenhower moved in Mr. Crim came in with an appropriation request for $50,000 for repainting or any other alterations that the new President might want to make, a usual procedure when a new tenant enters the White House.

"The first thing I'm going to do," said Mr. Steffan to Mr. Crim, "is to save enough to provide for my salary. Make it $35,000."

Mr. Steffan's salary is really $12,000, so his proposal meant an extra $3,000 saving for good measure. President Eisenhower went one step better, however: He took the Executive Mansion as is, saving the entire amount.

The White House spends about $25,000 a year for office supplies.

"In a business organization you wouldn't think that was anything," says Mr. Steffan as he tells how he began to scrutinize requisitions. "When I get a requisition for something that is not a must I tell them I'll have to defer it.

"That means defer forever," he explains, laughing, "but I don't tell them that."

Directing operations means more, however, than pruning a little here and there. Until Mr. Steffan came, the person closest to being a business manager was William J. Hopkins, the veteran executive clerk.

"He is a good man," observes Mr. Steffan, "but it is hard for him to tell a presidential appointee what to do. I can kid them out of things."

Mr. Hopkins had what Mr. Steffan describes as "protocol" as well as "operational" functions. Mr. Steffan took over operations and left Mr. Hopkins the protocol.

Mr. Hopkins is the man who has to keep track of every paper, going and coming, that requires the President's signature. He knows the ropes of procedure and the time factors that (Continued on page 93)

Chief Usher Howell Crim and Mr. Steffan watch tourists at the Mansion's East Wing. Some 5,000 enter daily

The President gets many recordings that have to be screened and filed. Besides music and poetry, many are vocal letters

Presidential telegraph communications are handled through the code room, where no woman has been for 60 years

Mentions of the President are clipped from 25 newspapers. This scrapbook bulges with a two months' grist

Every piece of mail is answered, but Mr. Steffan has cut in half the time that is spent in this operation

HOW'S

AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

AGRICULTURE

ACREAGE allotments for wheat—and those proposed for cotton and corn—pose a problem: what to do with the land that can't be planted?

In some areas, wheat farmers might plant sorghums, but this would mean competition with the corn farmer.

Corn producers would turn to soy beans, but beans are so plentiful restrictions on them are not unlikely. Cotton growers might substitute peanuts, but surplus here is chronic. Grass is the customary last resort, but that calls for livestock to eat it—and supplies of beef and dairy products are high.

Even if crops are plowed under as green manure, still bigger crops would result next year.

Wheat quotas in 1954 may highlight ineffectiveness of controls based on acreage. The law says any wheat grown on legal acreage is "quota wheat." Indications are that producers may partially offset reduced acreage with higher yields per acre, nullifying effect of the adjustment problem and delaying reduction of the surplus.

CONSTRUCTION

IN 1953, for the first time since the war, construction activity has been virtually free of federal government controls. Total dollar volume of building—and the outpouring of mortgage funds to support it—passed any previous year.

Prospects are that, in 1954, funds for new construction investment will be even greater. Except possibly in the area of guaranteed and insured mortgage financing, the money market will be more stable and money will be more plentiful than in the past several months.

Slightly reduced residential building is likely in 1954; industrial building, surprisingly strong this year, may also decline. But commercial building activity should continue to increase while modernization and maintenance outlays are expected to offset declines in new starts.

Public construction as a whole may fall somewhat under the $11,500,000,000 estimate for this year.

CREDIT & FINANCE

MORE bounce will shortly be put into bad checks and businessmen can count on prompt notice when a customer's check turns out to be uncollectible.

Under present practice, a bad check bounces back from the bank on which it was drawn along the same route by which it arrived. If it went through five banks in one direction, it goes back in reverse order so that each bank can wipe out the debits and credits it made as it went through.

The American Bankers' Association will put into effect a plan to short-cut all this as soon as the Federal Reserve System approves. By this arrangement, a form will be clipped to the check and it will go immediately back to the bank where it was first deposited.

Meanwhile, another form, worded as a draft, will be routed back through all the intermediate banks involved so that they may adjust their accounts, just as though the check itself had been sent back to them.

This method is expected to save as much as a week in more complicated cases.

DISTRIBUTION

SELECTION can be tagged as the theme in distribution activities for some time to come—selection of distribution channels by suppliers and selection of merchandise by consumers.

Manufacturers, trying to meet competition and beat down costs, will not be content to let just any distributor handle their products. They will select those distributors who can do the most efficient and productive job.

Customers, on the other hand, are growing more selective, too. They want merchandise at attractive prices, courteously sold.

Underlying this whole "selection mood" is the problem of costs. Rents, wages, interest, all continue to move upward. Distributors' profits are squeezed between cost pressures from below and customer price resistance from above. Bigger advertising budgets and sales promotion programs are partially combating the cost problem. Volume will help.

Labor relations in distribution will receive more attention in the months ahead. Distributors are targets for organizing efforts of several large unions and Taft-Hartley revisions could hurt distributors. Here is one of the major battle lines in distribution and may increase costs still further.

FOREIGN TRADE

IN ADDITION to the presidential-congressional study on foreign economic policy, the Senate Banking and Currency Committee has under-

BUSINESS? a look ahead

taken "the most exhaustive study of the financial aspects of international trade in the nation's history."

Senate Resolution 25 authorizes a study of the operation of the Export-Import Bank and the World Bank and their relationship to the expansion of international trade. Senator Capehart, committee chairman, has announced appointment of an advisory committee with an ultimate membership of 100 business, industrial, labor and farm leaders. The study, by emphasizing functions of the banks, should become an important contribution to the over-all foreign economic policy study. Such a review of the working and operations of the banks is needed.

GOVERNMENT SPENDING

PREPARATION of the 1955 federal budget—the first Eisenhower budget — is under full steam in Washington and many agency officials wear harried looks.

Orders from the Budget Bureau, supported by the President, are for further sharp cuts.

These cuts will be for the most over and above reductions already effective.

Under this pressure to slow down spending, agency heads are trying to balance budget cuts against programs authorized or required by law. They are looking for, and finding, ways to do their jobs with less money.

But it is inevitable that Administration efforts to curtail spending will eventually raise the question of what is to be done about whole programs and functions established by law.

This fact makes even more important the power of the new "Hoover Commission" to look into government functions and recommend curtailment of activities. Final results, of course, depend upon the action Congress takes on these recommendations.

LABOR RELATIONS

THE Administration's opportunity to make three replacements on the National Labor Relations Board has meant accomplishment of a major legislative objective of management without the scratch of a legislative pen.

Two resignations and an expired term provided room for the three new members. Guy Farmer, Washington attorney and former associate general counsel for the Board, the new chairman, has already indicated that certain important changes in Board policy may be expected.

A significant shift in NLRB policy is likely to be some shrinking of the Board's overextended jurisdiction. It is likely to refuse jurisdiction over an increasing number of cases where the effect on interstate commerce is regarded as slight.

However, this will not necessarily give state labor boards jurisdiction automatically over all such cases.

Some types of business may find that the so-called "no-man's land" in labor relations—the area in which neither federal nor state authority is clearly operative — has been enlarged.

The recurrence of this problem points up the need of federal legislation to clear up 20 years' confusion as to where this line is drawn.

NATURAL RESOURCES

QUITE apart from the issue of Alaskan statehood, efforts are being made to step up all types of industrial activity, including petroleum, exploration, mining, timbering, and water-power projects.

The Administration's policy appears to be to permit development of the territory's natural resources.

More risk capital is expected to follow that which U. S. bankers and insurance companies have already put into Ketchikan Pulp Company's $16,000,000 pulp mill. Several other wood-using industries are moving in to tap the large timber supplies in the Tongass National Forest. Government agencies, principally the Interior Department, are studying and reporting on Alaska's supplies of oil, gas, iron, nickel, coal, tin and other resources. Successful recovery may depend on electric power, of which Alaska has considerable hydro potential that can and will be developed, mostly by private enterprise.

Meanwhile about 99 per cent of Alaska is Government-owned. Outmoded patenting and leasing provisions must be modernized if natural resources are to be developed rapidly and economically.

TAXATION

TAX LAW enforcement is taking a new turn. You can expect a visit from a field agent of the Internal Revenue Service at any time.

Section 3600 of the Internal Revenue Code, adopted in 1926, directs the collectors to send their deputies, from time to time, through their districts inquiring about all persons liable for any internal revenue tax. This requirement has been honored only in the breach in the past.

A recent door-to-door canvass in the Boston area uncovered delinquencies in 13 per cent of the total number of persons and businesses visited. As a result, the Service claims added tax collections of $24 for each dollar spent.

All collectors have been instructed to begin surveys as part of the enforcement drive. Since only 40 per cent of the field men in each district will be used only two days a month in this effort, it may be some time before they get around to all taxpayers.

TRANSPORTATION

NEARLY 1,000 miles of toll highways are now operating in nine states; another 1,000 miles are under construction and 1,000 or more are in the planning stage.

Harassed highway travelers can look to this spreading development for relief from accident and congestion costs that have broken previous records.

The expressways are proving popular with investors and motor vehicle owners and are proving highly successful financially.

The expanding roll of toll roads and the extent to which they can help solve our highway problem will be a major discussion subject at the U. S. Chamber's National Conference on Highway Financing in Washington, Dec. 8 and 9. The question of federal-aid grants to the states for road construction—now approximating $500,000,000 — will also be discussed.

THEY'RE MAKING A BETTER

"New team" at Treasury Department masterminds overhaul of Internal Revenue Code: Results could mean more money in your pocket next year

EDWARD BURKS

TAX LAW

By **ALAN L. OTTEN** and **CHARLES B. SEIB**

THREE men you've probably never heard of are painstakingly fitting together a brand new federal tax law. Its theme is tax relief.

These men are the Government's top tax technicians, and the work they are doing behind the scenes today probably will mean tax breaks tomorrow for millions of individuals and businesses.

One member of the trio is the shy and brilliant staff chief for the Joint Congressional Committee on Taxation—Colin F. Stam, the man Congress turns to when it has a tax problem.

The others are sharp, hard-working members of the "new team" at the Treasury Department—Harvard Professor-on-leave Dan Throop Smith and Philadelphia tax lawyer Kenneth W. Gemmill. Each has the title of "Assistant to the Secretary of the Treasury." Mr. Smith is the financial-economic tax brain, Mr. Gemmill the legal authority.

The three are united by a single mission to which they now devote nearly all their time: an over-all revision of United States tax laws.

They hope to see Congress complete that mission when it meets in January.

Mr. Stam masterminded for Congress the 1939 enactment of the original Internal Revenue Code, which pulled together a hodgepodge of laws and amendments. He has long wanted to help with the first comprehensive overhaul of the code and has been working on the project since mid 1952.

Smith and Gemmill, longtime critics of existing tax laws from outside the Government, came to Washington and the Eisenhower Administration specifically to help remake those laws.

The triumvirate's unity of purpose symbolizes an important harmony between the executive and legislative branches of government. Chairman Dan Reed of the tax-writing House Ways and Means Committee has announced that he wants Congress to enact next year the most sweeping tax revision bill ever. This time—in contrast to his historic battle with the White House on excess profits tax extension—Mr. Reed and the Administration see eye-to-eye. The President, Treasury Secretary George Humphrey and Undersecretary Marion B. Folsom have all assured Congress that they, too, want a major tax remodeling next year.

Stam, Smith and Gemmill are laying the groundwork for this overhaul. They are working with a two-fold aim. The new law, they say, must remove present roadblocks against risk-taking, investment and the development of new enterprises, new products, new plants and new jobs. Also, they assert, it must remove "inequities."

The first goal might result in such changes as liberalized depreciation allowances for business, higher corporate surtax exemptions, easier treatment of capital gains, and reduction of the double taxation of corporate dividends. The second could mean tax relief for working mothers and revision of the haphazard excise levies.

Ten or 12 special committees—members of Mr. Stam's staff and Treasury subordinates of Smith and Gemmill—meet almost daily to work out "areas of agreement"—provisions which they will tell the President and Congress should become law. The trio reports that by January they'll be in "substantial agreement" on a great number of changes.

While the Administration and Congress may see eye-to-eye on what should be done eventually, they may disagree on how much can be afforded at present. It's certain that the Treasury and Congress both will want to do more in the way of tax relief than the federal budget will be able to afford next year.

"We're in a high expenditure budget," says Mr. Stam. "Obviously a lot of things we'd like to do and which we would do in a low expenditure situation will have to be postponed now. But we can get a good start on the principal ones and some of the others, too."

"It's a question of price tags," says Mr. Smith. "We're going to figure up things we want to do, and each will have a price tag. Then we'll look at our general budget situation, our income and our spending, and we'll see what we can afford. Some changes with low priority will have to be junked. On some we'll just be able to make a start. On a few we'll be able to go all the way."

The problem of double dividend taxation illustrates what Stam and Smith have in mind. Complete elimination of the double tax would lose the Treasury $9,900,000,000 of revenue a year, almost 15 per cent of total tax receipts. But proposals which would make a start on eliminating double taxation have been price tagged at as little as $138,000,000.

The Treasury and Capitol Hill are optimistic that a bill actually will move through Congress and onto the statute books next year.

Comments a ranking Democrat on the Ways and Means Committee: "We'll have a bill all right. It might not be as comprehensive as Chairman Reed would like, but it will make a lot of changes. Some will be merely technical and procedural, but many will be pretty important, and they'll practically all be in the way of tax relief."

Treasury and Hill experts agree that there probably will be a few "plus" signs in the revision bill—items which will pull in new revenue. These might include tighter rules on expense account deductions, narrower definitions of tax-exempt organizations, maybe a few new or increased excise taxes. But they also agree that the "minus" signs—the relief provisions—will be far more numerous and will run into hundreds of millions, even billions, of dollars.

What kind of men are the three architects of our tax future?

Smith and Gemmill have many things in common besides their zeal for a new tax law. Both are comparatively young: Mr. Smith is 46 and Mr. Gemmill, 43. Neither has been in government before, and each is inclined to be proud of that fact. They have adjoining offices in the Treasury building, overlooking the White House lawn, and each has access to Secretary Humphrey and Undersecretary Folsom. They drive their staffs hard but drive themselves harder. Their work day starts at eight or earlier and (Continued on page 48)

From left, economist Dan Throop Smith, attorney Kenneth W. Gemmill and tax expert Colin F. Stam map an assault on outmoded tax laws

Why truck users in field after field agree

It's better business to buy Chevrolet Trucks

On big jobs . . . small jobs . . . *all* jobs
Chevrolet trucks cut operating costs

CHEVROLET

Whether your business requires a heavy-duty dump truck or a panel delivery, whether your runs are just across town or clear across the country, you'll see costs go down with Chevrolet trucks on the job!

Truck users in every field have the proof. They've kept on-the-job records of operating and upkeep costs—and the records show that Chevrolet trucks cost less to own and operate per ton-mile.

What's the reason? First of all, there's thrifty Chevrolet power that saves you money every mile. In heavy-duty models, the advanced Loadmaster engine with new higher compression (7.1 to 1 *ratio*) brings you more horsepower and an important increase in gasoline economy. In light- and medium-duty models, Chevrolet's great Thriftmaster engine is famous for stretching a gallon of gas.

Then, there's stronger, more rigid construction. These new Chevrolet trucks are built to work harder and last longer. They're engineered to roll up more miles with less maintenance.

Along with these savings, you enjoy advantages offered by no other make of truck—features like "Torque-Action" and "Twin-Action" brakes, for example, which provide smoother operation for faster, surer stops.

Is it any wonder truck users in field after field agree that it's better business to buy Chevrolet trucks—and back it up year after year by buying more Chevrolet trucks than any other make!

Why not find out firsthand how you can save with Chevrolet trucks—*America's lowest priced truck line!* Your Chevrolet dealer will be happy to give you all the facts. Drop in and see him soon. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

No other truck at any price offers all these advance-design features

VALVE-IN-HEAD ENGINE: The right power for your job—plus economy in the Loadmaster or Thriftmaster engine.

HIGH-EFFICIENCY COMBUSTION: Specially designed combustion chamber squeezes all available power from fuel.

POWER-JET CARBURETION: Meters the flow of fuel to meet exact requirements of engine load and speed with 2-way controlled ignition.

SPECIALIZED 4-WAY LUBRICATION: Provides 4 special types of lubrication to lengthen engine life.

SYNCHRO-MESH TRANSMISSION: Quick, quiet, safe shifting—eliminates "double-clutching."

HYPOID REAR AXLE: Lowers tooth pressures, stronger tooth section gives extra durability.

STRADDLE-MOUNTED PINION: Maintains better gear alignment, better tooth contact on medium- and heavy-duty models.

SPLINED AXLE-TO-HUB CONNECTION: Driving splines mate directly with wheel hubs on heavy-duty models. No bolts to loosen or permit oil leaks.

BATTLESHIP CAB CONSTRUCTION: Each cab is a husky double walled, all-welded steel unit of great strength and durability.

UNIT-DESIGNED BODIES: Floors, tops, sides built as separate matching units for greater strength and safety. Widest color choice at no extra cost.

first in demand in value in sales

12 Straight Years as First Choice of America's Truck Buyers

More buyers have chosen Chevrolet trucks than any other make—for 12 consecutive truck production years, including 1953 to date. That is in itself an amazing record and one which supplies the most convincing proof possible of Chevrolet's superior qualities and value.

ends at nine or ten at night with armfuls of homework for the week ends.

"I've never seen such a smooth-working team," reports one of Mr. Smith's aides. "They have the same level jobs, and could easily compete and get into each other's hair. But they don't."

Mr. Smith has the balding dome, high forehead and rimless glasses popularly associated with academic intellect—but he's no absent-minded professor. Lean, quick-moving and tireless, he has an astounding memory and a quick mind.

He is one of few top-ranking economists who never held a job—even on an advisory committee—under the Roosevelt or Truman Administrations. The reason: "I was so emphatically anti-New Deal."

A vocal Eisenhower partisan in the presidential campaign, he raised money and wrote letters to newspapers denying that all Harvard professors were for Stevenson. Nonetheless, he was surprised to get a phone call the day after Christmas from Mr. Folsom, inquiring whether he'd like a Treasury tax job. He had lunch with Mr. Folsom, heard the plans for tax revision, and accepted the offer.

"I felt if they thought my two bits of advice could help, they certainly were entitled to it," he declared. "This was a chance for a real revision of the tax laws, with an administration that has a new attitude and philosophy."

THE recent Democratic administrations, Smith feels, used the tax laws not only to raise revenue but also to bring about social changes. The Eisenhower Administration, he thinks, has a different approach. It dislikes the prospect, but realizes that high federal spending and high taxes will be with us for quite a while, Mr. Smith says. Therefore, he continues, the goal must be to reshape the tax laws so that private enterprise can still flourish under the unavoidably heavy tax burden.

"The higher the tax level," he says, "the more important from an economic point of view becomes the way you assess the taxes." Mr. Smith thinks the Administration's philosophy cannot be expressed any better than it was by President Eisenhower in his first state of the union message. "We must develop a system of taxation," said the President, "which will impose the least possible obstacle to the dynamic growth of the country."

Mr. Smith's academic life has tailored him almost perfectly for his present job. A graduate of Stanford and the London School of Economics, he joined the Harvard faculty in 1930. Except for a brief wartime stint as director of the Air Force's statistical school, he has been teaching economics and related subjects at Harvard ever since. Since 1945 he has been professor of finance in the Graduate School of Business Administration.

In 1948 Mr. Smith, as director, and some Harvard colleagues launched a monumental study of the effects of federal tax policies on investment, expansion and other business activities. "The tendency had always been to make sweeping generalizations, either to say tax policies had no effect at all or that they were forcing the wheels of industry to grind to a halt," he explains. "My idea was to try to pinpoint the effects and inject some reality into the discussion."

The study has produced seven volumes, and an eighth and concluding volume was half finished when the call to Washington came. It's now in a filing cabinet in his Concord, Mass., home, to be finished after he leaves the Treasury.

Fortunately, Mr. Smith doesn't need hobbies or sports for relaxation. He hasn't had much spare time lately. What he'll probably miss most in his new job is traveling. He and Mrs. Smith and their three children traveled 13,000 miles through Europe last year, and the year before they covered 20,000 miles in Canada, the western United States and Mexico.

Like his colleague, Mr. Gemmill got the call to Washington duty unexpectedly. A highly successful member of one of Philadelphia's top law firms, he has been a tax specialist ever since he was graduated from the University of Pennsylvania law school in 1935. He has been active on tax committees of the American Bar Association, the American Law Institute and the National Tax Association; a writer for tax journals, and a lecturer at his alma mater and other institutions.

FOR many years, Mr. Gemmill had been coming to Washington every week or so on tax matters for his clients—some of whom were the Pennsylvania Railroad, the Girard Trust Company and the Carpenter family, owners of the Philadelphia Phillies. He knew a lot of people in the Treasury, the Bureau of Internal Revenue and Congress, but he had no advance notice that the Administration was considering him for a job.

"What persuaded me to give up my comfortable life in Philadelphia was the job of tax revision," he declares. "I saw a chance to do over

Meet your HOMEtown Insurance Agent

HE KEEPS THE HOME FIRES FROM BURNING!

Your Home Insurance agent is a handy man to have around when the leaves start falling! He knows that even a harmless-looking leaf fire can suddenly blaze into danger. He is an expert on safety and his keen sense of community welfare makes him a true public servant. Fall and winter, spring and summer, your insurance agent works for you and your family, your friends and neighbors, your entire community.

As an independent businessman in your community, the insurance agent has a real stake in local progress and prosperity. That's one reason he does so much to protect the property and possessions of homeowners and businessmen alike. Another reason: he's a good friend as well as a good counselor!

Your HOMEtown Agent can serve you well—see him now!

In the century since its founding in 1853, *The Home has worked constantly to help firemen get better equipment and to help prevent fires. Insurance and fire-fighting are partners in protection.*

☆ THE HOME ☆

Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE · AUTOMOBILE · MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

the code from top to bottom, to make it simple and to make it fair."

Well-built and good looking, he has a shy, boyish approach. Friends and co-workers agree that one of his outstanding qualities is a knack for making friends.

Behind the appealing personality is a shrewd, penetrating mind. An associate from private practice days recalls that "Ken has a talent for saying the right thing at the right moment. He'll sit in on a rough-and-tumble conference and listen for a long time, not saying a word. And then, when everyone is ready to give up and go home, Ken will say something and it will be right on the button and settle everything."

MEMBERS of his law firm say that Mr. Gemmill's personality and grasp of the law make him one of the best men in the country for negotiating tax settlements. Mr. Stam's staff rates him as one of the shrewdest negotiators they've ever dealt with at the Treasury.

Mr. Gemmill week-ends with his wife and four children on their farm near Jamison, in Bucks County, Pa., a few miles from where he was born. There he finds his only relaxation. "I really get out and farm," he says.

One of the many things Smith and Gemmill have in common is a fervent admiration for their Capitol counterpart. "Mr. Stam is a walking encyclopedia of tax law," declares Mr. Gemmill. Mr. Smith says that not only does Mr. Stam know everything that is already in the law, but he also knows everything that has been kept out of the law and why it was kept out.

Certainly most of Mr. Stam's 57 years have been lived in close contact with the tax laws. Fresh out of law school, he went to work for the Bureau of Internal Revenue in the early 1920's. One of his jobs was legislative liaison, which put him in constant touch with tax-writing congressmen. When the Joint Committee on Taxation was formed in 1926, he was a natural for a job. He joined the staff in 1927 as assistant counsel, became counsel soon after, and in 1938 became chief of staff.

No one looking at Mr. Stam would take him for a tax wizard. He is of more than average height and a little on the bulky side. He tries to conceal a tendency to baldness by brushing a wisp of hair from one side of his head to the other side.

"Stam looks as though he should be gossiping in a crossroads general store, chair tilted back and feet on the stove," says one congressman. "Actually," comments one of Mr. Stam's staff members, "his appearance helps him get along with congressmen. Most of them are small town boys themselves, and Stam seems like one of their own."

A glutton for work, Mr. Stam usually takes home each night a pile of papers that he's been kept from during the day by staff meetings, phone calls from congressmen and interviews with lawyers, accountants and other people with tax problems.

Reserved and shy, he is a bachelor. He neither drinks nor smokes and avoids parties. Nonetheless, once he knows someone well, Mr. Stam is friendly, relaxed and expansive.

An experience which shows how highly members of Congress regard him occurred in the course of Senate consideration of the excess profits tax in 1950. Sen. Robert Kerr of Oklahoma and Sen. Paul Douglas of Illinois were arguing over the proper name for the then 47 per cent corporate tax rate.

Noting Mr. Stam sitting in the chamber, Senator Kerr asked that Senator Douglas join in "requesting the head of the joint staff to tell us what the 47 per cent is called." Mr. Stam shrank back in his chair. Finally he mumbled that he could not answer, since only senators can speak on the Senate floor.

"I would be willing to make Mr. Stam a member of the Senate if it lay within my power to do so," Senator Douglas said.

Mr. Stam's face turned several shades redder. Finally Senator Kerr went over and talked to Mr. Stam privately and then announced: "For the information of the senator, I have consulted Mr. Stam in a whispered tone of voice, and he advises me that the 47 per cent is known as 'normal and surtax!'"

MR. STAM'S current work on tax revision began in the middle of 1952 when Representative Reed, then ranking minority member, got the joint committee to order a comprehensive staff review of the tax laws. When Congress quit that summer, Mr. Stam sent out hundreds of questionnaires asking for suggestions from lawyers, accountants, company executives, trade associations and taxpayers. This drive for information grew as organizations receiving the questionnaire in turn passed it on to their members. The U. S. Chamber of Commerce, for instance, sent copies to 22,000 business members. Early this year, Mr. Stam and his staff, which numbers between 15 and 20, started almost daily private meetings with business, farm, labor and professional groups, to hear their tax programs. In June, the House Ways and Means Committee started public hearings on tax revision.

From now until January, Mr.

Stam's staff and the Gemmill-Smith Treasury team will be busily reviewing suggestions and testimony. From the work at the Treasury will come an Eisenhower tax reform program to be submitted to Congress in January. Mr. Stam's labors will provide the background for congressional decisions. Points that the technicians agree on are almost certain to be in the final law.

Many important changes under study are intended to remove the "roadblocks to investment" in existing law. The idea is to ease the corporate tax burden in ways that will encourage business to expand and create new jobs and products. Small firms especially would be helped.

WHETHER or in what form these changes are finally approved, will depend largely on whether they can be afforded. Here are some of the revisions being considered:

Higher corporate surtax exemptions—Right now, the first $25,000 of corporate profits is taxed only at a 30 per cent rate, while everything over $25,000 is taxed at 52 per cent. Proposals have been made to raise the $25,000 figure to $35,000 or even $100,000 to permit small companies to retain more earnings.

Easier depreciation—The idea behind this proposed change is to give taxpayers a freer hand in writing off, for tax purposes, the cost of new plants and equipment. Now, taxpayers must write off the cost of new items pretty much on the basis of rigid schedules laid down by the Treasury, spreading the write-off evenly over the life of the item. One proposal would give the taxpayer more leeway in deciding how long a useful life should be assigned to a new piece of equipment. An even more important suggestion would permit taxpayers to write off a larger percentage of the cost in the first few years, thus allowing the company to plow more of the early earnings back into the business.

Easier capital gains treatment—Profits on assets held more than six months are currently considered long-term capital gains, and are subjected to a 26 per cent maximum tax rate. Many have urged that the period be reduced and that the rate be cut to stimulate new risk-taking.

Reduction or elimination of double taxation—At present, corporate dividends are, in effect, taxed twice: once as profits to the company and again as income to the stockholder. The revisions most widely pushed would either waive individual income taxes on the first $100 or $200 of dividend income each year or permit individual taxpayers to take a certain percentage of dividend income as a credit against their total tax liability.

Elimination or modification of the section 102 penalty tax on retained income—Any corporation that retains more earnings than the Government finds to be "reasonable" must now pay an extra tax of from 27½ per cent to 38½ per cent on all retained income. It is argued that this prevents firms from accumulating earnings from year to year for ultimate use on expansion projects, and that it also harries taxpayers with law suits on what is or is not "reasonable." Suggestions have been made to eliminate the tax, to make it apply only to that portion of earnings unreasonably retained, to clarify the criteria for determining how much can be retained without penalty, or at least to shift to the Government the burden of proving "reasonableness."

Increased investment loss deduction—Investment losses of individuals are treated today as capital losses. That means they can be used for tax purposes only to offset capital gains and $1,000 a year of other income, over a six-year period.

Losses that exceed these amounts go down the drain for tax purposes. The remedy proposed would permit taxpayers to use more of their capital losses to offset ordinary income.

So much for some of the proposals to stimulate investment. The other main idea behind the tax revision drive, according to the Stam-Smith-Gemmill triumvirate, is to remove "inequities." Some of the most popular proposals to accomplish that are also the most costly.

One suggestion is to increase the present $600 personal exemption granted the taxpayer and each dependent. This would provide more relief than any percentage rate cut likely to be enacted soon. Each $100 hike in the $600 exemption would, however, cost the Treasury somewhere between $2,000,000,000 and $2,500,000,000 a year.

Another popular but expensive proposal would allow working mothers to deduct the cost of maids and nursery schools and other expenses which they must incur to have their children cared for while they themselves work.

Liberalization of the income splitting and "head of the household" provisions is also proposed. At pres-

An analysis of injuries to the lower back shows that over 50% occur while persons are lifting. Whether lifting is part of your job—or whether you just do it occasionally around the home—a good rule to remember is to *bend your knees* and keep your back straight. Your leg muscles are stronger than your back muscles.

This advertisement is one of a series in the interest of accident prevention. Reprints will be furnished without charge upon request.

ÆTNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.
HARTFORD, CONNECTICUT

DON'T GUESS ABOUT INSURANCE—CONSULT YOUR AGENT OR BROKER

FOUNDED IN 1819, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.

THINK FIRST OF THE AETNA

ent, what the tax laws call a "head of a household"—for example, a widower who supports a child or a woman who supports her mother—gets only half the tax benefits given a married couple under the split income provision.

Another problem is that the head of the household status is available now only if the person being supported lives under the same roof—when actually it may be more expensive to support a relative in another home than in the same home. Finally, under present tax tables, taxpayers in the lowest income brackets get no advantage from either split income or head of the household provisions. The proposed change would extend these benefits to the lowest income brackets.

Another suggestion would revise the tax treatment of earnings of dependents. Under the law now, as soon as a child or other dependent makes more than $600, the taxpayer loses him as a dependent for tax purposes. One proposal would permit the dependent to make any amount and continue the exemption credit so long as taxes are paid on that part of his earnings over $600.

ELIMINATION or repair of the haphazard excise tax system is high on the revision list. Right now, for example, a silver bowl is subject to a 20 per cent tax while a competing bowl of fine cut glass is tax free. Lipstick and face powder, which most people would call necessities, are taxed at the same 20 per cent rate as the most expensive perfumes. Transportation of freight is subject to a three per cent levy, but transportation of people gets taxed at 15 per cent. Some of the taxes, like those on film, cameras and electrical appliances, were put on during the war to prevent consumer buying of items that used scarce materials.

Congress and the Treasury both want to bring some order to the excise chaos. But excise taxes are big revenue producers—raising close to $10,000,000,000 a year—and any substantial overhaul of their present structure might put a crimp in federal income which would have to be made up from other sources.

Other propositions would permit increased deduction of medical and dental costs and health insurance premiums; deduction of expenses for sending youngsters to college; more liberal tax treatment of alimony; deduction of costs of additional training for lawyers, doctors and other professional men; tax exemption for amounts which self-employed persons put into certain types of pension plans; and more liberal treatment of pension income. **END**

Now . . . you can make 3 copies of a letter in 1 minute on ordinary paper with the

KODAK VERIFAX PRINTER

Here's the sensational new development of the Eastman Kodak Company which enables you to reproduce your letters, charts, and other records *on ordinary paper* instead of on specially treated papers. And you can make 3 of these photo-exact copies—instead of 1—from each sheet of Verifax Matrix Paper.

The only equipment needed is the compact Verifax Printer shown here. It's designed for every office . . . *and priced for every office*—only $240. And it quickly pays for itself by copying your records faster, easier, more economically.

Faster because . . . In just one minute you can get 3 legible black-on-white copies of any letter, chart, report, file card, or other office-size paper. Even the pages of a magazine or book can be copied. Think how this will enable you to dispatch information immediately . . . the hours of costly retyping it will eliminate.

Easier because . . . anyone can learn to make Verifax copies in less than 5 minutes. All you need is a Verifax Printer. Simply expose letter with a sheet of Verifax Matrix Paper. Then insert matrix into activator and withdraw with a sheet of ordinary paper. There's copy No. 1 . . . *ready to use*. For additional copies, merely repeat last step.

Costs less because . . . you make your copies on ordinary paper . . . using only one sheet of Verifax Matrix Paper. Thus, you'll get 3 copies of a letter for less than five cents apiece. And think of this feature—you can place your Verifax Printer where the paper work is heaviest . . . make your copies under present room lighting *immediately as needed*.

Verifax copying saves wherever there's paperwork

Price quoted is subject to change without notice.

EASTMAN KODAK COMPANY, Industrial Photographic Division, Rochester 4, New York.

SEND FOR FREE BOOKLET

Gentlemen: Please send free Verifax booklet and names of near-by Verifax dealers.

56

Name ______

Company ______

Address ______ Position ______

City ______ State ______

Kodak

THE ROADSIDE IS PART OF THE ROAD

BUREAU OF PUBLIC ROADS

No highway can serve to its full capacity if traffic flow is slowed down by a procession of crossroads, directional signs, entrances, and driveways. That's why planning officials stress such things as limited access, sufficient right of way and the by-pass

BLACK STAR

VIRGINIA, a state with an above average highway department, recently completed a comprehensive study which showed that putting the state's 9,000 miles of roads in tiptop condition would cost $1,000,000,000 and take 20 years.

Under this program, many existing roads would be widened. This in turn would necessitate moving or tearing down many structures which have been built along the sides of these roads. Just this one phase of the project would cost $50,000,000—a figure which does not even include the cost of the land the buildings stand on.

Fifty million dollars is just about what Virginia spends each year on her entire highway program.

In short, it would take a whole year's budget to remove buildings which foresight could have put somewhere else to begin with.

Virginia's situation is not unique. All across the nation our investment in highways is being jeopardized because engineers did not know, or taxpayers would not believe, that the roadside is part of the road—and a most important part at that.

Only in the past few years has anybody given much thought to the fact that no road can serve to its full capacity if its traffic flow is interrupted by the traffic signs, traffic lights and traffic policemen made necessary by crossroads, farm entrances or driveways to an unbroken procession of motels, taverns, refreshment stands, filling stations and drive-in theaters. This blind spot threatens our investment, not only in roads but in the roadside developments themselves and in our very distribution system.

In most states, highway engineers have now found ways to avoid this situation. In many cases, however, the taxpayers refuse to give them the money or the authority to put their knowledge to use; in other words, to protect our investment.

Examples of the result are legion.

By BOOTON HERNDON

In Flint, Mich., more than 20 years ago, the city and state highway departments built a by-pass to siphon the through-traffic of U. S. Highway 10 out of the city.

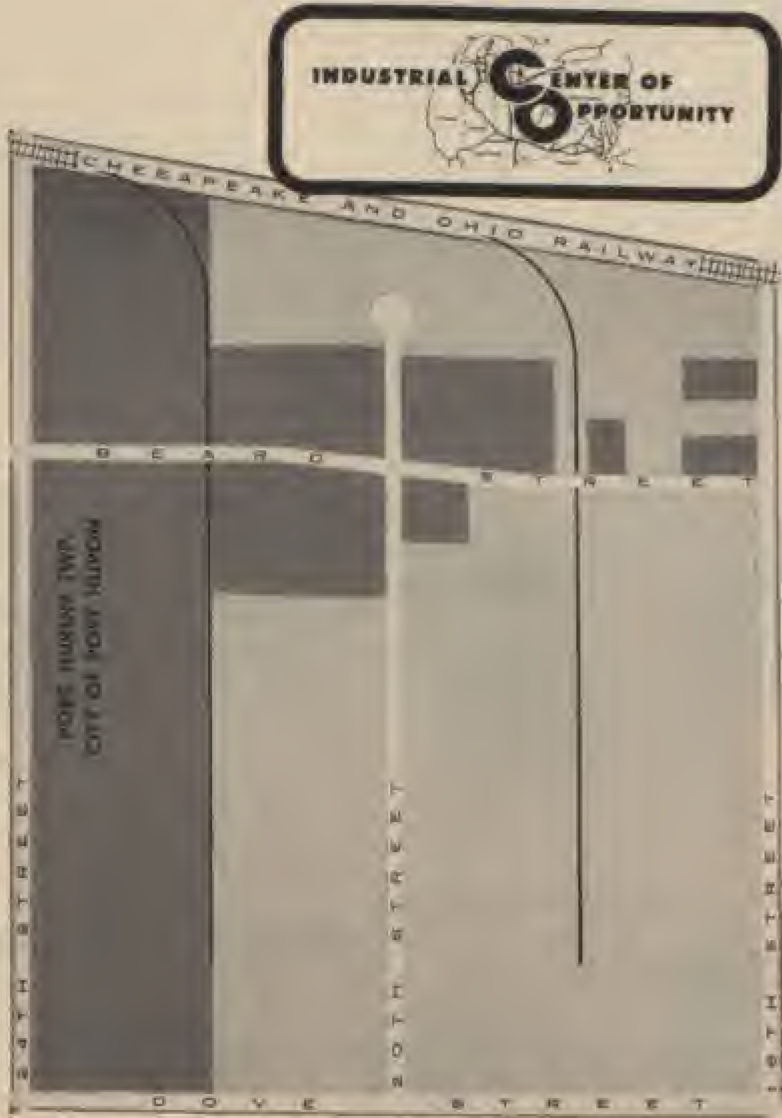
Though ahead of many another community and state on the practicality of the by-pass, the planners still made one mistake:

They did not buy enough right of way.

Today that by-pass is lined with houses, filling stations, stores, taverns, industrial plants—every kind of structure. It is no longer a by-pass, but a city street. Many a through motorist, as a matter of fact, just goes on straight through crowded Flint.

Now the state highway department is planning a by-pass to by-pass the by-pass. It will cost about $300,000 a mile, a total of some $4,000,000. It won't even be on the same side of town, but will skirt the western fringe of Flint.

"And," J. C. McMonagle, director of the state highway department, says



The light areas indicate the properties available

You'll have good neighbors in the

PORT HURON MODEL INDUSTRIAL DISTRICT

There are many advantages in becoming part of a carefully planned development such as the Model Industrial District now being organized at Port Huron, Michigan. Port Huron is a good location, too. Excellent transportation by rail, water, or highway. Close to Detroit, Pontiac, Flint and Saginaw.

Labor is no problem because it is an ideal place to live; a friendly city with all kinds of recreation at hand.

The Model Industrial District includes 185 acres which will be divided into sites 600 feet deep and as wide as desired. Several other properties are also available in the Port Huron area. All are on the railway and range from 6 to 152 acres.

For a Pin-Point Survey giving full information on Port Huron or other industrial sites, write to either the Chesapeake and Ohio Railway, Industrial Development Department, Cleveland 1, Ohio, Detroit, Michigan, or Huntington, West Virginia or address your inquiry to the Industrial Development Corporation of the Port Huron-Marysville area, 1109 Military St., Port Huron, Michigan.

CHESAPEAKE and OHIO RAILWAY

SERVING

VIRGINIA · WEST VIRGINIA · KENTUCKY · OHIO
INDIANA · MICHIGAN · SOUTHERN ONTARIO

grimly, "this time we'll maintain roadside control over that by-pass. It'll be a limited-access highway—you can bet your last dollar on that!"

Clinton, N. C., was such a congested village a few years ago that the North Carolina State Highway Commission built *two* by-passes, one on each side of the town, making a diamond-shaped pattern. Two federal highways and two important state routes were thus diverted around it.

Today Clinton has swallowed up both by-passes. Both are now crowded, congested, nerve-racking city streets.

During the period of 1940-46, accidents on the three-and-a-half-mile stretch of highway which by-passes Lincoln, Nebr., averaged 14 a year. After the war, businesses began springing up along the side of the road. In 1947, alone, 28 establishments were built alongside the highway and the number of accidents kept pace—from 14 to 89 per year. There was nothing anyone—state, city, or motoring public—could do about it, because, although they had jurisdiction over the road itself, they had reserved no control over what went on at the side of the road.

Along with many other ideas in this changing world, our concept of overland transportation has changed in the past generation. The purpose of a major thoroughfare today is not what it was just a few decades ago. Then the road or street was expected to serve everybody who lived along it. Everybody, in short, was to have direct access to it—that was the whole idea of the road.

Today, however, the primary purpose of a major thoroughfare is to move groups of people and goods from area to area. Plenty of roads and streets—too many, as a matter of fact— serve the individual home or business. What is lacking is the road or street which will move groups of individuals across country or across town at a reasonable speed with reasonable safety.

The American public is gradually awakening to certain basic facts about highway transportation. We are beginning to realize that we would be better off—both economically and in safety—if we paid in increased taxes for better roads the money we waste on our horse-and-buggy road network. It is beginning to sink into our consciousness that it is our primary network which needs the most attention, because even the most rural of all highway users, the farmer, does at least half his driving on these major roads.

But the idea of roadside control, of protecting the investment, is still young, and still, in some cases, bitterly fought. Roadside control includes control of access, right of way and sight. The most important, and the most difficult to get over, is control of access.

The most perfect examples of this are the turnpikes, where interchanges may be 15 miles apart. The only commercial enterprises permitted are combination restaurant-filling stations, and they, too, are many miles apart with carefully planned speed-change lanes and absolutely no crossing of the dividing strip. Highway engineers, however, realize that they must compromise some of this efficiency to both the public needs and the public purse.

"The idea of limited access is not easy to sell the people," sighs R. Getty Browning of the North Carolina Highway Commission and dean of American highway engineers. "The people have an interest in getting on the highway, and well they should, because it's built with their money."

Yet limited-access thoroughfares, where justified, have proved themselves over and over again to both motorist and merchant. A striking example of limited-access versus wide-open highway is offered by the Merritt Parkway and Boston Post Road, in New England. A typical stretch of the Boston Post Road—U.S. 1—contains more than 100 traffic lights, and buildings—residences, business establishments, factories—too numerous to count.

The Merritt Parkway which parallels it has no traffic lights, no grade intersections, and strict control of its roadside. Its borders are either landscaped or wooded, with no distractions from good driving. You can drive between any two points on these roads in little more than half the time by taking the parkway with corresponding savings in gasoline, rubber and nerves.

This is across open country. In Detroit, the one and one-half mile Davison Expressway cuts a 20-to-30-minute trip through traffic to a three-minute easy drive. The savings are tremendous because one stop and start uses up as much rubber as a mile of steady travel; enough gasoline to travel two blocks.

This benefits the motorist, true, but what about the merchant? Strangely enough, he, too, benefits, even when it is impossible for the through motorist to stop in front of his door. (With parking the way it is, who can stop before the merchant's door anyway?)

In California, study after study has proved impressively that, when through traffic is diverted from congestion-strangled towns, the shopper comes back in. In Houston, Texas,

where motorists can get on and off the shining new Gulf Expressway only at intervals of roughly half a mile, the value of land on the highway still increased 24 times as much as the land back from it.

After the success of the Houston road, most major cities in Texas, as in California, are going in for expressways. They do the job.

Control of access may be done in many ways. The best method is to buy both right-of-way and marginal land at the outset. Not only does this prevent roadside development and consequent congestion, but provides a cushion of land for future expansion. A penny spent here can save dollars later. In Cleveland, in 1947, marginal land for a certain stretch of thoroughfare could have been bought for $1,500, but wasn't. Now that right of way is desperately needed—and the cost is $340,000.

Thus a state may create its own monster. Its highway may bring such prosperity that it is no longer adequate, but to make it adequate would require buying, at fantastic prices, land the highway itself has made valuable.

Some states still prohibit engineers from buying more land than they can immediately use. California, on the other hand, has a revolving fund to buy marginal land at a reasonable cost for future use. When the land is needed, the state buys it from this fund.

A method pioneered by the State of Ohio is to "reserve" additional right of way. The state pays the owner of land adjoining the highway, to a specified depth, an average of about $5 per acre per year simply to keep it as it is. If the land is needed in the future for widening the road the state will pay the owner a fair market price for it. The state is at least saved the high cost of moving or tearing down buildings. Further, during the interim period, the scenic beauty of the land is retained.

Some states zone their highways just as cities zone their streets. By classifying a zone as forest or farmland it can prevent any construction whatever. In residential or commercial areas it can require buildings to be set back from the road a prescribed distance.

Even on local-service roads it is possible to regulate access. In Michigan every property owner, former and drive-in theater proprietor alike, is required to get the approval of the state highway department for his entrance or exit. Instead of locating his driveway just over the crest of a hill, for instance, the department would advise him to put it where oncoming motorists from both directions could see it—and he them. If his entrance should be located in a deep cut, the department would "daylight" the sides of the cut, both for his benefit and the man already on the highway.

"People," says North Carolina's Mr. Browning, "have the strangest habit of putting their garages right on the side of the road, and then planting evergreens all around them. Then when the owner backs his car out in the morning to go to work he can't see where he's going until he's out in the middle of the highway, and by that time he's in heaven."

The highway engineer, if consulted, can help make access to the highway both safe and scenic. Instead of a long open stretch along the highway to serve commercial establishments, for instance, he'd block it all off except one entrance and exit. He'd do the same at service stations, where one clearly

marked, right-angled driveway is enough for the station, and much safer for the motorist.

It is human nature for the proprietor of any roadside enterprise to want to be right up there as close as he can get, but figures do not bear him out. An almost unbelievable example is the Milk Farm Restaurant 20 miles west of Sacramento, Calif., which for years had unlimited access to both traffic lanes of the highway. Access to the lane on the opposite side of the highway was closed off entirely, and a frontage road placed between the restaurant and the lane on its side. Access even to the frontage road was partially blocked by a chain-link fence and a planting strip.

Business increased, almost immediately, by 25 per cent. A farmer taking fresh-picked produce to market, a suburbanite driving in late to work on a rainy morning, an industrial plant rushing its goods to a competitive market, all benefit by limited-access highways even if it takes an extra minute to get on them.

In 1947 the value of a certain tract of land near Sacramento was about $600 an acre. Two years after the North Sacramento Freeway was built, this land sold for $1,100 an acre. One year later the Continental Baking Company bought seven acres of the same holding for $7,100 an acre and built a $1,600,000 plant.

The point of this example is that the company does not have direct access to the freeway. It is served by a

county road which intersects the freeway at a nearby traffic interchange.

The Shirley Highway, which parallels U.S. 1 for 16 miles south of Washington in Virginia, not only is a great relief to truckers and through motorists who have been fighting traffic on U.S. 1 north or south, but means a great deal to the people who live along it as well. Even as it was being built, the Virginia Highway Commission got together with the real estate developers who were naturally swarming into the area. Now the dwellers in the subdivisions along the Shirley Highway can get on the highway only at infrequent points—but once they're on they've got a straight shot into Washington.

Uncontrolled roadside development has caused cities to grow, over the years, in an unhealthy, ribbon-type fashion. If you took a toothpaste tube in your hand and squeezed it as hard as you could, the paste would squirt out in streams from a half-dozen different places. That's what has happened with nearly every city in the country. Long ribbons of built-up areas extend out along the major thoroughfares, but between them are waste areas of swamps or fields, tar paper shacks, junk piles and garbage heaps. It costs your city a great deal more to build water and sewage mains and extend fire and police protection along these congested ribbons than it would if the city had grown normally and cohesively out from the center.

Sometimes these great spiders will join up at one or two points, as between Washington and Baltimore where U.S. 1 is one of the most nerve-racking routes in the country. North-south motorists go far out of their way and pay toll on the new Potomac River bridge to avoid what amounts to miles of city traffic.

Summing up the whole question of roadside control, David R. Levin of the Bureau of Public Roads and a leading authority on the subject of highways and land said: "We need firm control over our roadsides for four basic reasons. The first is safety, because we know limiting access reduces accidents. Efficiency, because more cars pass a given point on a limited-access highway than on a comparable open highway. Economy, because you, the motorist, save money when you don't have to stop and start, and because you do your work better when you're not blowing your top over traffic congestion. And finally, because of the beneficial effect on adjacent land values.

"In short, we simply can't afford to be cheap in our highway planning."

END

To Be Part, Take Part

(Continued from page 29)

What he told her to do was to accompany him on a stroll among the guests on the ballroom floor.

"We'll stop every ten steps and I'll introduce you to whoever is closest to us," he said. "Then we'll walk another ten steps and I'll introduce you again."

This informal scheme worked out nicely. The next day in meeting a large group on the sidewalk outside the Embassy, Her Highness did just what Paul Wooton had taught her—taking ten steps, greeting people, then taking another ten steps. He thus contributed to the policy of royalty, won his decoration, and gained still another sobriquet, "Sir Paul."

Because of his willingness to officiate at almost any kind of function from a business conference to a Mardi Gras ball (he has done both), and his skill as a toastmaster, Paul Wooton is in great demand to preside at dinners and luncheons. When he first came to Washington, he was terrified at the thought of talking on his feet.

He practiced public speaking on a group at the Department of Agriculture, mastered the art of injecting a note of warm geniality into his extemporaneous remarks, and since then probably has introduced as many notables over the coffee cups as any man in America.

Winston Churchill was one of the few he ever had trouble with. In presenting the great Britisher at a luncheon at the National Press Club, Wooton observed that "a combination of British prestige and American might" could go far toward solving the world's problems. Mr. Churchill scowled ferociously and informed Wooton and his audience that Britain still had some might of her own. But Paul hit it off famously with the prime minister after he finished speaking, and the latter showed him a real golden guinea which he carried in his watch charm.

Even Sen. Huey Long, who was mad at practically everybody in Washington and had everybody mad at him during the early 1930's when he was the Kingfish of Louisiana, could not stay mad at Paul. The *Times-Picayune* fought Long bitterly but the senator often called Paul up for a chat about nonpolitical matters, and it was Paul who made it possible for Huey's young son, Russell (now Senator) Long, to play golf at the Chevy Chase Club. In this he

was merely following a Wooton practice of befriending everybody regardless of connections. Over the decades, he has helped thousands of virtual strangers to find hotel rooms in Washington, procure apartments, tell them how to land jobs, and see the people they wished to see.

His achievements in this field have contributed substantially to a rise in the prestige of the business press in Washington. During Paul Wooton's early days in the capital, representatives of business and trade papers were held in rather low esteem. A good many government brass hats couldn't be bothered seeing them. From the beginning, Paul worked to sell the business press to officialdom and lost no opportunity to arrange gatherings where business editors and publishers could meet government officials to talk things over.

Soon after the first world war began, for example, he met a mining engineer named Herbert Hoover who was trying to raise some money for Belgian relief. Paul tramped all over Washington helping Mr. Hoover arrange a luncheon to launch the campaign. Later, when Mr. Hoover became Secretary of Commerce, Paul suggested that he meet once a month with editors of business publications.

Mr. Hoover thought that was a fine idea. He held regular conferences for the business press all the time he was Secretary and when he went to the White House he continued the practice. Paul also prevailed upon Presidents Roosevelt and Truman to meet frequently with business paper correspondents and he arranged hundreds of gatherings with other officials.

Along with the business press, his clubs, societies and other organizations have benefited from his willingness to get things done.

Shortly after Mr. Eisenhower was elected, Paul remembered that Mrs. Eisenhower was a Presbyterian. She would want a church home in Washington. Perhaps Mrs. Eisenhower would join his church and bring her husband in with her.

Paul had been on friendly terms for many years with Milton Eisenhower, Ike's brother. Milton advised him and Dr. Edward L. R. Elson, the pastor, on the best way in which to lay their proposal before his brother, and the President-elect quickly accepted their suggestion. President Eisenhower was baptized and became a member of the National Presbyterian Church.

At the small private service at which the President was baptized, Paul Wooton held the font from which the water was taken. He looks back upon that occasion as one of

the most impressive moments of his life.

With all the other Presidents from Woodrow Wilson to the present, he has likewise had intimate experiences unlikely to come to the son of a Methodist circuit rider.

Little Paul considered his father a great man. His admiration was enhanced enormously by something his mother told him when he was about seven years old.

"Your papa went to the county fair yesterday," she said, "and shook hands with the lieutenant governor."

Those words, and his mother's respectful tone, made a profound impression on Paul. He felt that his father had attained a pinnacle of worldly success and resolved that when he grew up he was going to be a big man, too. Clasping the hand of a lieutenant governor might be more than he could expect, but at least he would aim high.

While the family was living in Auburn, Paul made his first venture into journalism: He delivered papers and collected news items for the Auburn *Courier*. The outlook for journalists was not glittering in rural Indiana at that time, however, and after finishing high school Paul took up telegraphy.

He headed southwest to make his fortune and, at 22, landed in Mexico City.

No jobs for telegraphers were open but he caught on as a cub reporter on the *Mexican Herald*, and then became publisher of a small weekly in an American mining camp at Oaxaca, Mexico. Two important things happened to him there. He married an attractive girl named Jewell, a sister of the American doctor at the camp, and started contributing to a mining journal of the McGraw-Hill Publishing Company, an organization for which he was to write for nearly 40 years.

In 1911, Paul and Jewell moved to New Orleans, where he got a job on the *Times-Democrat*, which later was merged with the *Picayune*.

Old-timers in New Orleans remember Paul as something of a wonder man even then. He seemed to like work. After finishing his own chores, he prowled the office looking for extra jobs—especially for assignments which had something to do with business or financial subjects. He gained a lot of experience in this way, learned much more than most reporters about the business world and when an opening developed for a correspondent in Washington he was offered the job. He jumped at the opportunity because he had kept up his connections with the McGraw-Hill company and knew that in Washington he could increase his

income by corresponding for that firm as well as the *Times-Picayune*.

When Paul reached Washington, he found hundreds of correspondents covering the town, many of them nationally known writers for periodicals of great distinction or vast circulation. For an unknown representing a comparatively small southern paper and a few business journals, the task of raising his head above the crowd looked pretty hopeless.

His self-confidence was further shaken at one of his first White House press conferences. *Times-Picayune* readers were keenly interested in a pending rivers and harbors bill. Paul asked President Wilson if he would use his influence to gain congressional passage of the measure.

That question brought out all of the schoolmaster in Wilson. He eyed the neophyte sternly through his pince-nez and lectured him for having asked such an improper question.

In time Paul recovered from this humiliation and got along amicably with the President. Soon after that, a conversation with James H. McGraw, Sr., settled him upon the course he has followed ever since. His employer advised him to live well, dress well, get acquainted with as many people as possible, and make as good an impression as he could at all times for his own sake and, of course, that of the business press.

In following this advice, Paul went into hock for a seven-room cooperative apartment on Connecticut Avenue; invested $400 in a new wardrobe which included a dinner jacket, tails, and a silk hat; and bought a Cadillac.

The kind of car a man drove was more important then than it is now because all of Washington went parading on fine Sunday afternoons, especially along 16th Street. Thus, though his income was modest Paul Wooton attracted a lot of favorable attention as he rolled through the capital in his elegant car with Jewell by his side. Once a policeman stopped him for exceeding the 12 mile per hour speed limit, but he convinced the officer that the car in front of him, driven by Sen. Boise Penrose, the Pennsylvania political boss, had been traveling at the same dizzy speed.

Advancement does not come from putting up a front. Paul had joined the National Press Club, which then occupied rented quarters in a downtown building. When he was asked to serve on the club's permanent building committee he accepted. This job entailed hard work over several years as the committee struggled to finance, build and pay for the 13-

Miss Alice Haggett has a full-time job just keeping Paul Wooton's engagements and records in order

story structure which the club now occupies. But Wooton never begged off of a committee assignment, never tried to resign, and now serves as president of the club's National Press Building Corporation.

Another organization in which Wooton soon became a mainstay is the Washington Society of Engineers. He first became acquainted with the group while gathering news items there for some of his technical journals. One day he found the engineers in a dither because the man they had invited to speak at their next monthly meeting had backed out. Paul lined up another speaker—a big man he had met in the Government. He provided other personalities as speakers on several later occasions and the engineers were so grateful they elected him vice president of their society. When the president became ill, he presided over the group. Because of his public speaking experience, he did such a fine job pepping up meetings that he later was elected president in his own right, the only nonengineer ever to hold that honor. He still serves as the society's toastmaster.

Meanwhile he was acting as an unofficial publicity agent for his church, seeing that the minister's sermons were reported in the Monday morning papers. He had become active in the Louisiana Society of Washington and whenever an important visitor arrived from his adopted state, or a Louisiana Queen, Rice Queen or Sweet Potato Queen needed to be introduced at the White House, he was ready to do his bit toward making the affair a success.

These early activities led to others as more and more organizations availed themselves of his willing services. Not the most thankless of his tasks was the handling of tickets and seating arrangements for all kinds of functions. With the aid of a highly efficient secretary, Miss Alice Haggett, Paul managed ticket dispensing with such complete impartiality that it added to, rather than detracted from, his popularity. For many years now, Miss Haggett, who hails from Maine, has devoted her full time to handling details of Wooton-managed parties and keeping the records of organizations to which he belongs, as well as serving on the staff of the *Times-Picayune*.

Before Paul had been in Washington long, he was one of the busiest men in town. His wife, Jewell, worked with him closely in many of his enterprises, and loved it, but had trouble keeping a cook because there was never any telling when Paul would get home for dinner.

Paul had become a friend of Warren G. Harding when he was a senator. He also was close to Calvin Coolidge. Contrary to popular opinion, he says, Coolidge loved to talk when he got a reporter alone and knew he was not going to be quoted or lose his cherished reputation for reticence. They had many long sessions together and, on the strength of his chumminess with the President, he was able to put over a notable coup for one of his clients, the *Electrical World*, which was promoting the use of more electrically lighted Christmas trees throughout the nation. The editor decided that it would be a fine thing if the President of the United States would have such

a tree at the White House, and Paul dutifully carried his suggestion to Everett Sanders, Coolidge's secretary.

"I haven't got the nerve to put it up to him," Mr. Sanders said, shaking his head wryly. "You go in and see him."

Paul laid his proposition before the President and, to his astonishment, he went for it. "Why not, Paul?" he asked.

Consequently, on Christmas Eve, Paul Wooton stood beside the President while he turned on a large electrically lighted tree. That was the first National Christmas Tree.

He became acquainted with President Roosevelt by meeting him at 900 different press conferences.

A Jeffersonian Democrat himself and strongly opposed to many New Deal policies, Paul thinks, nevertheless, that F.D.R. was the most charming President he has known. He remembers one occasion, particularly, when Roosevelt met with a large group of business paper editors and publishers. Most of them had been attacking the President bitterly, but when he was rolled into their presence in his wheel chair he greeted them with a peal of buoyant laughter.

"Why am I so good to you fellows anyway," he shouted, "when you treat me as you do?" In a moment, everybody in the room was laughing or smiling.

Paul won the friendship of Harry Truman — and Margaret — as a neighbor. When Mr. Truman entered the Senate he moved his family into the building where the Wootons lived. Through a servant, Paul heard that the Trumans had lost all of their dishtowels in the confusion of moving. Always alert to be of service, he tucked a supply of towels under his arm and rang their doorbell.

Margaret, then about nine, opened the door and told him they had plenty of dishtowels. They didn't need any of his, thanks. But Paul and Margaret got acquainted. Through her, he met her father and mother, and his thoughtfulness paid off in an unexpected way several years later.

In 1951, President Truman presented a silver quill to Paul on behalf of the National Business Publications and mentioned in his speech that Wooton had once been kind to Margaret.

"When anybody is kind to Margaret, I never forget it," he said. "I don't even forget it when they are not."

It was a heavy blow to Paul when Jewell died in 1946, after a long illness, but today, at 73, he still does twice as many things as many men

half his age. In fact, he recently added a new activity by becoming a "professorial lecturer in journalism" at George Washington University.

The Wootons were childless and Paul lives alone in the same apartment they bought years ago. He is usually up and available by 5:30. He gets his own breakfast and by 8 or 8:30 is at work in his pleasant three-room suite of offices in the National Press Building.

There, in addition to Miss Haggett, he has two men assistants—Edgar Allan Poe, a distant relation of the poet, who helps him with his correspondence for the *Times-Picayune*; and Larry Stafford, who aids him in his work for the Society of Business Magazine Editors.

The five telephones in the offices are in use pretty steadily from 9:30 a.m. on, and on busy days he often eats noontime snacks out of a small refrigerator in the office.

When fishing for information from a secretary, administrator or other official, he usually opens the interview by giving out some facts of his own.

"I've just heard something," he will say in his kindly, benevolent

way, "which I think will interest you." Then he gives what he's got to give, and waits for a bit of reciprocation. Over the years, he has obtained thousands of exclusive stories in this way, especially in business and financial fields.

In the evening, Wooton virtually always has one or more appointments to keep and it is not unusual for him to attend two cocktail parties—without taking a cocktail—and a dinner party in one night.

The whole secret of Paul Wooton's successful career cannot be ascribed, of course, merely to getting into things. He has ability, too. His reports out of Washington are respected because they are invariably accurate and unslanted.

But it is his willingness to be of service which has earned him the title of "Mister Washington" and his other honors. He has become an outstanding figure in the capital because he has been willing to give to others. Countless men in other places could unquestionably gain distinction for themselves in the same way. END

Letters TO THE EDITOR

Excesses

"The Nation's Worst Boss" was most informative.

However, there is a major factor, besides the ones you mention, which is even more basic to the failure of the federal civil service system to get efficient work from the best available people.

That factor is veterans' preference. The studies of the nonpartisan National Civil Service League show that abuses of the accepted principle of veterans' preference are today threatening to destroy civil service in five ways.

1. By forcing government to hire veterans who have neither the experience nor the ability to handle a specific job.

2. By forcing government, in a reduction in force action, to fire many of its best workers simply because they are nonveterans while keeping the veteran no matter what his experience or performance on the job may be.

3. By making it nearly impossible to fire incompetent veterans.

4. By reducing the over-all morale and prestige of civil service.

5. By making it more and more difficult for an able nonveteran to plan or build a career for himself in government. Federal agencies find it increasingly difficult to hire the young people they need because career prospects are so dim.

While some of these shortcomings in veterans' preference can be corrected by proper administrative action, other changes require legislation. It is therefore necessary that both the President and Congress highlight the excesses of veterans' preference. Constructive changes can be effective without jeopardizing the proper rewards for the men and women who served our nation.

JAMES R. WATSON
Executive Director
National Civil Service League
New York

Mayflower came fourth

I was greatly disturbed to see Felix Morley imply that the *Mayflower* was the first immigrant ship to America. I want to remind you that 13 years earlier the *Susan Constant*, the *Good Speed*, and the *Discovery* had landed at Jamestown with their band of English settlers. This group established the first permanent English settlement on this continent and they were the forefathers of the American nation.

J. P. MASSIE
Richmond, Va.

We're lost

Along the same lines as the two-way sign (page 64 your August issue), although not as complicated, is a sign on the New York side of the Bear Mountain bridge near Peekskill, N. Y., which reads Albany - New York, both in the same direction. Albany is some 100 miles north of this point and New York 55 miles south.

FULTON WORDEN
New York, N. Y.

Ideas for export

The article entitled "Let's Look at The Store of Tomorrow" is so full of meat that we would like very much to make it available to members of our Overseas selling force.

Since some of our Overseas selling members do not readily understand English, we wonder if you could also give us permission to translate it in Spanish, French, German and possibly other languages.

A. M. W. REUTHER
Overseas Sales Methods
The National Cash Register Co.
Dayton, Ohio

Charming dinner companion

"Take a Gander at the Goose" in your August issue has fired my imagination and whetted my appetite to the point where Leander the Gander is now challenging Walt Disney's Donald Duck for first place in my affections.

I am debating whether to have him for Christmas dinner. I am not sure I shall be able to bring myself to cooking and eating such a charming fellow.

CHARLOTTE R. WENNER
Kalamazoo, Mich.

No tipping?

You seem to believe the customer should please the waiter and not vice versa.

Why not write an article on NO TIPPING? It would be different anyway.

J. D. JAMES
Flint, Mich.

They can work

"Abilities, Inc., No Able-Bodied Need Apply," should do a great deal further to inform people that "it's good business to hire the handicapped."

ROSS T. MCINTIRE, M.D.
Chairman
President's Committee on Employment of the Physically Handicapped
U. S. Department of Labor

I desire 75 reprints of "No Able-Bodied Need Apply."

G. H. GEHRMANN, M.D.
Medical Director
E. I. Du Pont De Nemours & Co.
Wilmington, Del.

You're smarter than most businessmen

IF YOU GET 4 OR MORE RIGHT ANSWERS IN THIS IMPORTANT QUIZ

1. How often is there a fire in the United States?

- ☐ a. Every 30 minutes
- ☐ b. Every 28 seconds
- ☐ c. Every 11 minutes

2. How many firms that lose their accounts receivable and other records in a fire go out of business?

- ☐ a. 5 out of 100
- ☐ b. 17 out of 100
- ☐ c. 43 out of 100

3. How much protection is a fireproof building against destruction of business records?

- ☐ a. Stops fire before it can do much damage
- ☐ b. Simply walls-in an office fire, makes it hotter
- ☐ c. Complete protection

4. How "safe" are records in any safe that doesn't bear the Underwriters' Laboratories, Inc. label?

- ☐ a. Completely safe
- ☐ b. Safe from any serious damage
- ☐ c. Likely to be incinerated

5. What do you have to do to collect fully on fire insurance?

- ☐ a. Simply phone your insurance agent
- ☐ b. Prepare a "best guess" of losses
- ☐ c. Provide a "proof-of-loss" statement within 60 days, verified by records

6. Where do prices start for genuine MOSLER Record Safes—the name that means the world's best protection?

- ☐ a. $500
- ☐ b. $140
- ☐ c. $875

For correct answers, turn page upside down. 1-b; 2-c; 3-b; 4-c; 5-c; 6-b

Did some of the "right answers" surprise you? They are facts you should know. They could very well prevent your having to find excuses for yourself—or for someone else—*after* a fire.

* * *

It's better to look your responsibility squarely in the face, isn't it—and take the steps that will make sure your company *stays* in business in case of an office fire. Remember—43 out of 100 firms that lose their business records in a fire go *out* of business. *Don't take that risk. For yourself. Or your company.*

Find out how little it costs to provide the world's best protection for your records—with a Mosler "A" Label record safe. See it. See the new modern styling that makes it a handsome addition to any office.

Check the new, exclusive Mosler convenience and security features, too, including the famous "Counter Spy" Lock. You'll know why, today, Mosler Safes are more than ever the largest selling record safes in the world. Consult classified telephone directory for name of your Mosler dealer, or mail coupon for FREE FIRE DANGERRater, today.

FREE! FIRE DANGERRATER. Tells you in 30 seconds how much protection your vital records need—to make sure you stay in business. Easy to use. Accurate. Authentic. Based on experience with thousands of fires. Considers over a dozen vital factors about your business. Gives you a reliable answer. Mail coupon for your DANGERRater, now. Tomorrow may be one day too late. FREE! *No obligation.*

IF IT'S MOSLER . . . IT'S SAFE

The Mosler Safe Company
Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U.S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

The Mosler Safe Company, Dep't NB-10
32nd Street & 5th Avenue, New York 1, N. Y.
Please send me (check one or both):

- ☐ Free Mosler "Fire DANGERRater" which will indicate my fire risk in 30 seconds.
- ☐ Illustrated catalog showing the new series of Mosler Record Safes

NAME .... POSITION ....
FIRM NAME ....
ADDRESS ....
CITY .... ZONE ...... STATE ....

NB SUMMARY

Billion dollar black market

By **FRANZ PICK**

IN A MODEST office on Bombay's Mahatma Gandhi Road a modern radio receiver started to give a signal. A beturbaned man took pencil and pad and within a few moments wrote down the following message:

OMAR, OUTER SOUTHWEST, 32 TOTAL 7,800, REPEAT

The man, having noted these coded words and figures, repeated the message and went to a telephone. He informed his boss that motor launch *Omar*, en route from Kuwait in the Persian Gulf, had reached Bombay's outer harbor with 32,000 ounces of bar gold for which 7,800,000 rupees had to be paid to the captain at delivery on board.

Within two hours a sturdy old fishing boat left Bombay's main harbor to pick up 80 gold bars. They were worth $1,430,000 that day and could be sold for about $1,670,000 to local gold dealers. The four men on board carried five jute bags—four big ones containing 7,800,000 rupees in bank notes and a small one, just holding 156,000 rupees, or $28,600. The latter was the so-called "protection payment" for unlicensed import of the yellow metal into India. It was handed over to a patrol boat at the end of territorial waters, about three miles outside the harbor.

A few hours later the motor launch, whose captain did not even count the contents of his four jute bags, was en route back to Kuwait. The 80 gold bars were deposited in the vault of a bank in Bombay. Within a week the "importer" had sold every bar of the shipment and cabled his suppliers in the Persian Gulf for more.

India's illicit gold imports are only one of the phases of the worldwide smuggling of gold which takes place on the five continents of the globe and totaled about $1,200,000,000 in 1952—or nearly $3,500,000 a day!

Besides Bombay and Calcutta, Ceylon, Bangkok, Saigon, Singapore, Macao and Hong Kong have active trading markets of the yellow metal in Asia. Alexandria, Cairo, Tangier and Casablanca handle the trade in Africa; while in Europe, Paris is the world's largest gold center, where $1,500,000 in coins and bars change hands daily.

In Italy a "syndicate" of gold dealers started minting gold coins in 1950. Having secured, by not exactly official transactions, the dies of British, French, Austrian, Hungarian

and other coins, these enterprising businessmen presently manufacture about $6,000,000 worth of sovereigns, napoleons, ducats, etc., per month. As gold coins sell for a premium of 25 to 30 per cent more than bar-gold prices, Italy's private gold minting industry, absolutely legal as "medal manufacturing," nets monthly dollar profits of more than $1,000,000. These coins are sold to dealers all over the world.

Black market activities rose to unprecedented volumes after World War II and in 1952 total illegal transactions of capital transfer, acquisitions of hard currencies and purchases of gold reached a total amount of $12,000,000,000.

About 1,000,000 people live, not even dangerously, off the illegal trade of currencies and gold, as well as off their illicit transport. They are bankers, gold miners, diplomats, government employes, custom officials, railroad personnel, shipping agents, captains of small and often large vessels, airplane pilots and last but not least exporters and importers. Executives of large industrial corporations all over the globe have to deal, although sometimes reluctantly, in black markets, if they want to "de-freeze" their blocked assets in foreign countries.

Dealers in Buenos Aires, Dakar, Cairo, Madrid, Paris, London, Milan, Athens, Beirut and Singapore, to name only a few of the principal trading centers of black markets, continue to sell illegal transfers of any currency, securities, or gold from one country or one continent to another.

Governments, whether they like it or not, have to accept the "diktat" of these black markets, which they are unable to dominate. The governments of South Africa, Northern Rhodesia, Australia and Canada have outlawed gold ownership by their own citizens. Yet they sell most of their gold production to dealers, who they know sell it in black markets only.

And, whenever a government has to capitulate to the harsh depreciation of its currency in black markets and is forced to reduce its value officially, those who have not obeyed the law and have held on to dollars, Swiss francs or gold coins are the real victors.

It is a rather sad condition of morals and mores.

Black markets and currency depreciation have been coupled for more than 6,000 years. Quite a period to learn how to master them. But until now, no human brain has invented a device or a method to maintain the stability of money.

I Run a Department Store Without Clerks

(Continued from page 36)

taxes hit all income groups, consumers continued to give first consideration to price rather than convenience. That accounted for the booms in automatic household aids and self-service stores, and it still is the prevailing attitude.

Psychologically, self-service, self-selection retailing is suited to the changing character of the mass market. Practically, it solves the entrepreneur's urgent need for greater volume to balance his shrinking margin of profit traceable to soaring operating and labor costs. It is the inevitable trend and resisting it is inviting eventual failure.

The surge to get on the bandwagon has assumed the proportions of a stampede among leading department stores in the past year. Last Christmas, Macy's toy department in New York, replete with carts, open shelves and checkout counters, looked for all the world like a supermarket. Shillito's in Cincinnati, J. L. Hudson in Detroit and Gimbel's in New York also experimented with the system and it was so successful that Gimbel's, at least, is thinking of installing it throughout all its branches. A half-dozen departments in Wanamaker's Philadelphia store are on self-selection. Filene's, in Boston, has gone another step by selling small items in vending machines throughout the city.

THE Woolworth stores, the first genuine self-selection chain, is testing a self-service checkout plan in New York. Sears Roebuck, Montgomery Ward and J. C. Penney are heading toward self-selection. Most soft goods stores in South Bend, Ind., have embraced it. The Weiboldt stores in Chicago and the Fedway chain have introduced it. So has Bloomingdale's in housewares and Abraham and Strauss in several sections.

In different sections of the country self-selection also is known as simplified selling or open selling. Regardless of the term, the ultimate objective is the same: To cut operating overhead by getting more efficient use of labor and floor space, achieving a faster turnover of inventory and paring the costs of deliveries, markdowns and returns. Over-all savings will vary with local conditions, of course, but let's take Hearn's figures and go down the line to see how the plan works.

First of all, labor costs are cut

sharply. Hearn's payroll, which once represented 17 per cent of net sales, has been brought down to 13 per cent by reducing the staff from 1,000 to 650 full-time employes and we are getting more gainful work, and handling more transactions, than ever before. Self-selection does away with the old routine of clerks standing by idly during slack periods, then being swamped in peak hours and rush seasons when no store can afford to hire enough salespeople to accommodate the traffic. This headache to management has been eased by changing the duties of the labor force.

Since no one in the store is an active salesclerk, employes have four simple functions: 1, they replenish open stock as purchases are made; 2, they arrange merchandise neatly on racks; 3, they answer customers' questions; and 4, keep their eyes open for pilfering.

Some people fear that petty thieves will run away with stores putting goods on open display, but I believe they are exaggerating the danger. It may be necessary to add to a big store's protective force, but the expense of one more detective to a floor is compensated many times over by the saving on costly training programs for numerous salesclerks.

Such programs can be scrapped because there is no need for clerks with specialized knowledge in one selling area. Employes are assigned to floors rather than departments and require only a quick briefing on the nature and location of the goods sold on that floor. The personnel is more flexible and management is less dependent on the caliber of the people it hires.

THAT point was demonstrated at Hearn's during the strike. We were doing brisk business with a skeleton staff the day our regular sales force walked out. They weren't missed.

A transaction in a self-selection setup is the essence of simplicity. A patron picks the item he wants, takes it to a central wrapping and cash desk. That's all there is to it.

Installing the system involves a few changes in procedure that are not as drastic as they appear. A store cannot make free deliveries, a service that amounted to nearly five per cent of Hearn's former overhead. Complaints against the extra cost for delivery can be resolved by ads and promotion campaigns explaining that the saving to the store has been passed on to the consumer in the form of lower prices.

There may be a bit of a wrench in discarding free delivery, but it is justified by the bonus a store collects over and above the actual saving realized by dropping the service. Returns will fall off precipitously, perhaps as much as 50 per cent. It is pretty obvious that a woman will not return merchandise capriciously if she knows she must pay two charges to have an item picked up and a substitute sent out.

Fewer returns mean fewer markdowns on damaged goods, now close to three per cent of overhead. All of a sudden you discover that the five per cent slice taken out of overhead by the elimination of free delivery adds up to a higher figure, or the difference between rocky and smooth sailing.

NEXT to labor costs, the greatest saving derived from self-selection comes from the more efficient use of space for which all of us pay such high rents and taxes. The modern merchant must junk the old square-foot concept of area and, like the movie people, think in terms of three dimensions, or cubic feet. In short, he must utilize the space between floor and ceiling now going to waste. Flat-topped stock tables holding six piles of merchandise should be remodeled into tiered fixtures displaying 18 piles in the same area. Two more rows of open shelving built to a height of four feet, six inches—still maintaining visibility across the floor—will do the trick.

In switching to a self-selection policy, it is imperative to install new fixtures that remove physical and visual barriers between customer and merchandise. Since the secret of self-selection is the easy accessibility of goods, the counters, closed cabinets and glass cases must be converted into open display racks.

New fixtures are only one aspect of the physical change that should be made in the store. The traditional gridiron floor plan, with long, straight traffic aisles broken up by occasional bargain counters at intersections, is as passé as high button shoes. At Hearn's, we channel traffic on the main floor through a maze-like layout that exposes customers to new articles at every turn and stimulates impulse buying.

You know what happens when you go to a supermarket. Olives, potato chips and salted peanuts may not be on the shopping list, but you see them on the open shelves and you put them in the basket.

By the time you reach the check-out counter, you've picked up a carton of soft drinks, a bottle of a new salad dressing and a jar of cheese that strikes your fancy. The chances are you would not have bought those items unless the desire for them had been created, and a wide variety of merchandise artfully displayed in a

department store offers the same opportunity for spontaneous sales.

In fact, multiple sales can be boosted with better packaging by manufacturers, who have been slow to recognize the potentiality of self-selection as a positive selling instrument. All soft goods on open racks might be protected by cellophane or Pliofilm to keep it fresh and clean. At present, stores are wrapping each article separately, a tedious, expensive job that should be done before the merchandise is shipped. It seems to me that manufacturers who put their products in distinctive, colorful packages designed especially for self-service racks will get a big jump on competitors in promoting brand names which will play an increasingly important role in merchandising. And it's just as easy to put three pairs of stockings, six handkerchiefs or two sheets in a package as it is to enclose one item.

Packaging, floor plans and fixtures are trivial matters compared to the major problem the self-selection trend must hurdle—the labor issue. I have purposely left it for the last, not because I am reluctant to face it but because I want to finish with my most convincing argument.

Some people, unfortunately, lose jobs in the conversion of a serviced to a self-selection store. There usually is some dislocation when a progressive idea in the public interest is adopted, but it is temporary.

THE introduction of a new process or technique is much like the launching of a ship. For a breathless moment it appears that the ship has sunk under the churning waves it has created, but the ship soon rises and floats serenely after the turbulence has subsided. That's how it will be with self-selection in retail merchandising, just as it was in the transportation industry after a series of revolutionary inventions.

Coastwise ships and canal boats were hit heavily by railroads which, in turn, had to buck the competition of motor trucks. Some men were thrown out of work, but what was the end result? New, fast and cheap transportation opened up so many additional sources of business that more men than ever were employed in shipping, giving further impetus to more production and jobs in all industries.

Business has a responsibility to its employes, to be sure, but it owes a deeper obligation to society. It must make better and cheaper goods available to the public to raise the standard of living, the purpose of all worthwhile human endeavor. Self-selection is a small but significant contribution to that objective. END

piece after piece of metal, discard them and reach for more.

This trait would prove great weakness in a showdown. This, and lack of skilled workers. Their great need, at Tosmare and other plants, is for machinists, welders, electricians, technicians. Take away German and eastern European skilled workers and the USSR would have a tough time getting ready for war, much less waging one.

Each factory in the Soviet orbit has its "political educator," and workmen are forced to listen to propaganda lectures. At Tosmare, lunch time is regularly used, and the lunch period was lengthened from 30 minutes to an hour to accommodate the sessions. Because of our factory's importance, we got the complete line from trained speakers and party leaders. It was dinned into our ears that the "communist worker has everything, American workers are starving, the Red Army is the strongest on earth, and the highest service one can give is to make the Soviet Union strong enough to beat back the aggression of American capitalists."

Everytime the communists heard about the Americans setting off an atomic bomb, we were in for a special lecture. You might think they would tell us how terrible the bombs were, and that we'd better get ready to duck. But no—they told how "weak" they were!

At factory meetings, I heard how the United States "started the war in Korea." The North Koreans had to "defend themselves," and when the Americans and other capitalists "threatened the Peoples' Republic of China, the Chinese had to defend themselves, too."

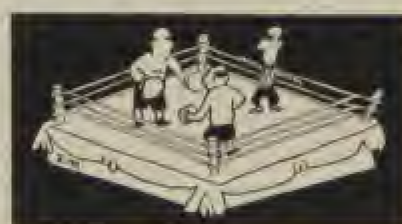
The Moscow-trained tyrants holding Latvia are the same as those sent to all enslaved areas—cold, cynical, cruel. The only language they know is force. But they have something else in common with all tyrants: They are cowards at heart. They live in fear that their slaves will get the upper hand.

When a Soviet fighter plane shot down an American B-50 bomber off the Latvian coast, the Russians wore frightened expressions. They ordered overtime work for everybody to help install antiaircraft batteries about Liepaja. One day and night I worked around the clock. The batteries were installed and for days all hands waited. Under our breaths, we Latvians discussed the possibility that the Americans might give the Soviets a bombing to teach them a lesson.

With the program of seizing industry and property has gone collectivization of agriculture. Latvia's people are about 66 per cent rural. The nation introduced voluntary land reform in 1922, when big estates were broken up. It was decreed then that farms could not exceed 300 hectares (about 750 acres) in size. Thus numerous Latvians became owners of small farms.

When the communists came, they declared all landowners were "capitalists" and exploiters of workers, even if they employed no hired hands. They ordered every farm cut down to not more than ten hectares. This left the plots "too big for a garden, too small for a farm," as the farmers sadly remarked. The commissars began a program to break the will of the landowners and force them to submit to collectivization. On a pretext of looking for "hidden mines," MVD agents invaded every farm home. Hundreds of men and youths over 16 who refused to give up their land were rounded up, herded into cattle trains and deported to Siberia.

"We have our choice," remaining farmers said. "We either starve in



slave labor camps, or we starve on collective farms here at home. Let us starve at home."

That is what has happened. The system has brought ruin to Latvian farming and starvation to the people. But to the party faithful it is perfect, for it stamps out individuality and insures complete control.

All land, except for one half hectare reserved as the farmer's garden, and nearly all farm animals and implements, are owned by the state. As many as 20 former farms make up a "kolkhoz." The farmer cannot choose his place of work, because that is decided by a supervisor. Instead of working near his home, he must load into a truck at early dawn and ride perhaps ten miles to the end of the collective farm, to join with others planting, cultivating or harvesting.

Perhaps he likes dairying, but he cannot keep more than his one cow. Two would be "capitalism."

The "kolkhoz" cows are gathered in one big farm, under the cow supervisor. Horses—pride of the Latvian farmer in the days of freedom—are kept at another barn. Sheep are collected in another. Machinery is under supervision of a committee, with

the inevitable breakdown in responsibility for maintenance and repairs. All that is meaningful in the old family farm is gone.

As a result, Latvia, once a fine farming area, is producing less than half its normal output, and no amount of punishment for failure to reach "quotas" can remedy the situation. Machinery breaks down and rusts in the fields. The country, once so productive of milk, butter and cheese, is now almost barren of dairy output.

Once you're in a "kolkhoz," you're there for good. You cannot leave without permission of the chairman, who is always a party member. You might transfer to a lumber camp, for lumber is greatly needed in war construction, but chances are you'd have to sleep on a canvas on the snow.

As a workman, you cannot protest wages or working conditions. It is dangerous to be overheard in even mild criticism. Labor unions do not exist under communism and strikes would be unthinkable.

Communist propaganda cannot hide the fact that workers generally have been forced into poverty and degradation. In Latvian cities and towns, each person is entitled to only nine square meters of living space. This means that few families can have an apartment alone. Soviet law is designed to force several families to live together, obviously to break up the privacy on which family love, respect and helpfulness are based.

Latvian families unlucky enough to share apartments with Russians find that they do all the menial tasks, such as dishwashing and housecleaning. If a Latvian woman protests, she'll be warned, "You stop arguing, or you Latvians will all be sent to Siberia!"

From my normal pay of 1,300 rubles per month, we had only 700 to 900 left after taxes, which gave us a bare living. One fourth to one half of all pay is deducted for taxes. Most wives and children of lower-paid men must work so the family can exist. Once a year it is "suggested" that you "lend" the government a month's pay. You oblige or else. You get certificates, which you can use for any purpose you choose except to try to get cash for them.

One of my fellow workmen contended he should lend only the 700 rubles he had left after taxes. Finally they agreed and asked him to sign away the 700 rubles. After he had done so, the commissar returned with a "duplicate set" of papers for him to sign. Later he learned he had signed away 700 rubles twice. They deducted 1,400 rubles from his pay.

Average wages run from 500 to 600 rubles a month, or about 20

rubles a day. You take out six to seven rubles a day for taxes, plus the month's "voluntary" loan, plus occasional "donations" to the state. My wife made 450 rubles as a skilled seamstress, but her month's pay was barely enough to buy a new hat. A man's suit costs from 600 to 700 rubles. Here are a few other samples of prices per kilogram (about 2.2 pounds) in Liepaja: Butter, 35 to 40 rubles when there is any; pork, 15 to 40 rubles; beef, 15 to 28 rubles. "Kolkhoz" markets charge higher prices. Meat is lower in state-owned butcher shops, but the shops are always out of meat. One kilogram of sugar costs nine rubles, and the same amount of flour, 3.75 rubles.

We have watched with amazement the shoppers in the free world, remembering that in Liepaja one had to queue up for every purchase. Flour is sold only three times per year—on days preceding the Soviet holidays—Jan. 1, May 1, and Nov. 7. Each person is allotted 31 pounds. Long lines form at the shops, many persons waiting all night. The only food one can buy regularly is the "Stalin cake," sold for two rubles a kilogram. It is a heavy water pumpernickel, mixed with flour substitutes, and—take it from me—is about as digestible as a chunk of rubber.

There is no compulsion for married women to work in Latvia—except the threat of starvation. Children hire out almost as soon as they can handle a tool. Lilija's brother Gunars came into town to work when he was 15. Soviet law forbids children to work more than six hours a day. The factory supervisor insisted that Gunars work eight hours a day, with the terse explanation:

"Sure the law says he can work only six hours, but do you expect us to overload our bookkeepers with extra work? He'll work eight hours or not at all."

So Gunars worked eight hours, often with two or three hours overtime. He went to the "Comsomelec" (Communist Youth School) at night until 11 o'clock. The schooling is not so much to teach youths as to make good communists of them.

Gunars' arithmetic lessons ran like this:

"In the Soviet Union, workmen are paid the good wage of 1,400 rubles. In America, workmen are starving on wages of only 700 rubles. How much better off are the Soviet workmen than the capitalist American workmen?"

Science is being rewritten, largely to prove that most inventions and industrial progress are the result of Russian genius. Art and music are prostituted to communist ideology. Even geography is perverted to Soviet purposes. History is being drastically revised.

The streets of Liepaja, as is true of Riga and other Latvian cities, are crowded with Russian soldiers and civilians. You can tell them from our people easily enough. The uniformed Reds and the civilian dignitaries are well fed and arrogant, while Latvians are poorly dressed and sullen. Russians have taken over the best districts, pushing our people into the poorer suburbs. There are no newspapers—only party organs.

No one laughs in public. No one speaks to another without a glance

over the shoulder. Men still disappear without a trace. They are seized at night, and simply vanish. There is no happiness—just stifling fear.

In the summer of 1952 we heard a Voice of America broadcast telling how five young Latvian fishermen had escaped across the Baltic Sea to Sweden. It was a thrilling story. I said to Lilija, "If they can do it, others can!"

It is not easy to escape from Latvia.

Liepaja is a gigantic fortress, guarded day and night. No one can come in or go out except by permission. The beach is ringed with sentries and the coast is constantly patrolled. Fishermen must go to sea, but their movements are watched. All fishing boats and equipment are state-owned. When a boat goes out, it must pass through a canal and halt at the port gate for inspection. The Baltic Sea is mapped off and each boat is assigned a fishing square.

We learned that Andreis Kairis, captain of a fishing boat, planned to make a dash for freedom. A friend passed him the word that we would like to escape with him, and he agreed. How we got into his boat at three o'clock one morning—my wife, her brother Gunars, our little daughter Inese, and myself—must remain a secret. Captain Kairis hid Lilija and Gunars under the boards of the bottom deck.

Inese and I hid in the empty water tank, with the intake screw loosened so we could breathe.

At nine o'clock the diesels started and the boat moved to the checkpoint. There was a long delay for the inspection of boat and crew by

Russian guards. One guard noticed the intake on our water tank was loose and screwed it down. My daughter and I were trapped with no air!

When out to sea, Captain Kairis pulled his gun, ordered his crew below and told them he was turning toward Sweden. When he opened the water tank, Inese and I were unconscious. I was revived, but not our daughter.

We left her in a lonely grave on the Swedish coast.

We docked at the Burgevick port of Gotland. The Soviet embassy demanded that we be extradited, charging us with "piracy." But Swedish authorities granted us asylum, and one month later we were transferred to Stockholm.

There are three things I wish a Latvian worker could make clear to his friends in America and elsewhere in the free world:

First, the Soviet "peace offensive" which began after Stalin's death does not mean Red rulers have changed their plans for world domination. It simply means they need more time to absorb lands they now hold. A long period of "peace" would be just the thing.

Second, people of the Baltic lands and other lands enslaved by communists are the strongest allies the free nations have. They know communism and hate its tyranny. Soviet bosses are more fearful of the burning desire of enslaved people for liberation than they are of the free world's military power.

Recent revolts in East Germany, Czechoslovakia, Poland and other countries, prove the desire for freedom cannot be quenched. With encouragement, it will spark internal resistance that will overthrow communism.

Third, I am convinced the people of free countries do not know their own strength. I am not speaking of

your great industrial strength, nor of your economic power. I am speaking of that great moral and spiritual force which springs from liberty and equal justice for all. There is nothing in the Soviet system, with its terror, tyranny, broken promises and false propaganda, secret police and slave camps, that can match it. END

SUNFED, Your Name on a Blank Check

(Continued from page 27)

But the generosity of SUNFED is still more magnificent. Actually, there is no contract between borrower and lender and at one point it is recommended that, since the purpose of the Fund is to render economic assistance and accelerate economic development in undeveloped countries, "the Fund should not attempt to recover principal, or ask for interest, where this would impose a burden on the assisted government which would jeopardize its economic development, i.e., the very purpose of the assistance."

Besides being an invitation to repudiation and all manner of chicanery to avoid repayment of a loan, this is stupid economics. Presumably, the planners never heard of renegotiation of contracts or the refinancing of loans to relieve undue burdens. That these things could be done in hardship cases should be obvious; as it stands, no obligation at all is imposed on the borrower.

But the planners aren't through. A little later appears this statement: "It may well be that the Fund will distribute a high proportion, and possibly the bulk, of its resources in the form of grants rather than loans."

That really tears it. With such a policy it obviously would not be long before not the bulk, but all, of the resources of SUNFED would be going out in grants rather than loans—with no particular strings, no particular authority, no means of enforcing any provisions for the disbursements of such funds.

If nothing else were wrong with SUNFED, this certainly would be enough to warrant strongest opposition to it. But there are other things. Each nation could make its contribution in its own currency, according to its currency policies. But there are no specifications as to the convertibility. Moreover, any nation could deny the use of its currency for the purchase of its own products if it saw fit; a curious restriction that gives veto power to a nation, seems to defeat the purpose of the Fund and which, of course, could be used for political coercion.

Other things are wrong with SUNFED, but these will do.

American policy has been that the emphasis should be on technical assistance to the have-not countries; it has shared in the U.N. program for this and has contributed unilaterally through Point 4. We believe that

this, together with all the other aid programs, is enough for the time being and, with our heavy commitments, all we are able to do, although there is no disposition to rule out for all time some kind of revolving international fund. One such, called the International Finance Corporation, already has been proposed, and is a far sounder proposition than SUNFED. This corporation would finance projects in underdeveloped countries for the purpose of inviting private investment and would seek to sell its holdings to private investors as soon as possible. Even this arrangement is opposed at this time as not being practicable with all the other things that face us.

EVEN if we defeat SUNFED, the problem of the have-nots will still be with us. The pressures will mount, the problem will grow and we will have to face it and consider it. Just how delicate our position is in this regard is demonstrated by the predicament of John C. Baker, United States representative in the Economic and Social Council. It was Mr. Baker's task at Geneva last summer to meet the have-nots in debate. Moreover he had to do this in the atmosphere created by President Eisenhower's speech of April 16. In that speech the President said:

"This Government is ready to ask its people to join with all nations in devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction. The purposes of this great work would be: to help other peoples to develop the underprivileged areas of the world, to stimulate profitable and fair world trade, to assist all peoples to know the blessings of productive freedom."

To the have-nots that was a sign from on high, although the President obviously was talking of the future. But the future means one thing to the have-nots, another to us.

"Unfortunately," said Mr. Baker in Geneva, "international relationships do not enable us to foretell precisely when the world will achieve the conditions which would make it possible to devote resources to this new international project. We regret that we do not now have genuine peace."

Mr. Baker's lot, like that of the Gilbert and Sullivan policeman, is not a happy one. It probably will grow unhappier as the pressure mounts and the problem enlarges, just as our own position will become more difficult.

But we can ease it a little if we are able to defeat such obvious claptrap as SUNFED and bring reason into future discussions of the matter. END

FORMULA FOR SAVING COLLEGES

Privately supported schools need an extra $400,000,000 a year. In Indiana they've found a way for corporations to contribute

By ELLEN DUKE

AMERICAN privately supported colleges need about $400,000,000 more each year than they are now taking in. What is more, business leaders are now generally agreed that business had better take an interest in this deficit unless it wants the Government to take over the colleges by default.

The colleges' need for money is not necessarily new. Small colleges have needed money in the past—and they got it in several ways: going after the alumni, especially the rich alumni; running million dollar drives; raising the tuition. But today many of our colleges have gone about as far as they can go along those lines and further than they ever intended to go into the realm of deficit financing. If business does not save them, they may not be saved.

Business has seen this need from afar. In the past five years scores of speeches, papers and resolutions have established this rescue idea as an instrument of enlightened business policy.

But no great amount of money has yet changed hands. The big money waits on the answer to the big question: How?

Specifically, how do you go about playing Lady Bountiful with money which, by ancient common law, belongs to your stockholders? How do you choose between some 1,200 institutions of higher learning?

These questions do not of course apply to grants to colleges by industry for applied research. For the most part these simply represent payment for services rendered—no loss to the company, no gain to the college.

Nor does there seem to be any reason why a local business can't make an unrestricted grant to a college in its own home town. Bridgeport Brass and Remington Arms, for example, felt free to give the University of Bridgeport $50,000 and $33,500 respectively a few years ago simply because they appreciated having such educational facilities available to them and to their employes.

Even if your business is state-wide or regional in its operations, you need not puzzle long over the answers, thanks to the energy and initiative of a businessman turned college president, Dr. Frank Hugh Sparks of Wabash College in Crawfordsville, Ind.

At 39 Frank Sparks was not even a college graduate. He was something more remarkable for that black year of 1930: He was solvent. He was president of Noblitt-Sparks, now known as Arvin Industries, manufacturers of automotive accessories and electrical appliances, a company he had helped to found.

In the fall of that year he retired from business and started as a freshman at Butler University, where he enjoyed the singular experience of attending classes with his two sons.

Fortified with his B.A. degree from Butler, he set out in 1935 for the University of Southern California where for seven years he taught economics and studied for his Ph.D. By the time Wabash College was ready for a new president in 1941, Dr. Frank Sparks was ready for the job. He had been grooming himself to be president of a small liberal arts college ever since he left Noblitt-Sparks.

Wabash, although it was in no mortal peril, had some need for the special talents of Frank Sparks. A long battle over athletic policies had so diverted the energies of the college and its alumni that money was running low. Endowments stood at a modest $2,000,000. The top faculty salary was $3,400.

By training and experience, Frank Sparks was a sales and marketing expert, and in Wabash he had a good product. You could almost call it

the prototype of a whole group of American colleges which offer the special advantages of a small, homogeneous student body (Wabash has just 500) and correspondingly close student-faculty ties. It has a fine academic tradition and a becoming patina of age.

Indians were still prowling the forests of northern Indiana in 1832 when a handful of Yale and Dartmouth men founded it in the image of the liberal arts college of the East. And while the exertions of Dr. Sparks' predecessor, Pres. Louis B. Hopkins, may have irritated the football fans, they had had a wholly beneficent effect upon entrance requirements, standards of scholarship and faculty morale.

Frank Sparks went calling on his business friends and ran head on into what is still the standard rejoinder in many business offices:

"It's a great college all right and I'd like to help you. But De Pauw (or Butler or Franklin) is closer to us. If we help anybody—and frankly we'll think twice before we do because we don't want all the colleges on our necks—we'll help them."

Which meant, Dr. Sparks soon realized, that they helped nobody, mainly because the other colleges never asked them. The average college president is diffident about asking a corporation for money unless he has a specific project related to the corporation.

By the end of 1948 he was tired of that reasoning, so he invited Pres. Thomas E. Jones of Earlham College to join him on his next sales trip. They struck pay dirt: $1,000 each for Wabash and Earlham and another $1,000 each for three other Indiana colleges, all from one Indiana corporation.

The next year this informal arrangement ripened into the Associated Colleges of Indiana, with 12 member colleges and a program obligating each college president to spend 20 days a year soliciting Indiana business. No tax-supported college was invited to join. Notre Dame and Butler, larger than the others and somewhat more confident of their own pipelines, declined to join.

That first year the group collected barely enough to pay the overhead, but last year they received $241,000 from 142 Indiana corporations, most of it earmarked for specific colleges, the rest divided equally among the member colleges.

That is not an overwhelming sum. Yet, as Dr. Sparks points out, it is all new money from new sources. And, because giving is a habit, the group can reasonably count on at least some of the companies giving as much or more next year. While

this pioneering was going on, Wabash was doing all right. Today its endowments stand at $6,000,000. Out of 507 students, 211 receive some form of scholarship aid—an enviable ratio, even by the standards of some of the more richly endowed eastern universities which think they're doing well if they can help as many as 30 per cent.

The average full professor at Wabash gets $6,700 a year, and he enjoys the ratio of one faculty member to ten students—which is the result of a full quota of academic departments and a small student body.

Meanwhile other similar state and regional groups have been organizing; today there are 26 including 349 colleges and blanketing 31 states. For the most part, the larger colleges have stayed out of these associations for the reason stated by Notre Dame and Butler. Notable exceptions are Dartmouth and Brown, in the New England Colleges Fund. Unlike the Indiana group, most of them plan to distribute their money more or less equally among their members.

Altogether these groups have collected a total of nearly $2,000,000—which is no real measure of their potentials. Some of them are so new they haven't had time to show results.

Actually, when the final word is written on corporate aid to higher education, it may turn out that the chief value of these groups will be assessed, not in terms of the money collected, but in terms of the mutual understanding between college presidents and businessmen, and between college presidents themselves.

Meanwhile, these groups offer at least part of the answer to the state or regional businessman who says: "I can't give to everybody. I will therefore give to nobody." And they offer a short cut through the tangle of accrediting agencies in the field of higher education—which, by the way, is enough to dismay the most resolute benefactor.

Standard of Indiana, for example, is using these associations in the 14 midwestern states where it operates to distribute $150,000 among their members—in all, around 100 colleges.

For the national corporation the answers aren't so easy. A company selling its wares in the national market lives down the street from every American college, in a manner of speaking. When such a company starts picking out colleges to give to, it must have a sensible answer ready for its stockholders, employes and customers—not to speak of the colleges it omits.

What is needed is a kind of central intelligence agency on ways and means of giving. That is what a handful of business leaders headed by Irving Olds, former chairman of U. S. Steel, and Frank Abrams, chairman of Standard Oil of New Jersey, had in mind last year when they set up the Council on Financial Aid to Education.

They invited Frank Sparks to head the Council, and for the first time since he took the president's chair at Wabash, he thought twice before turning a job down. He went on the Council's board, but he stayed where he was, and the Council stayed where it was—on paper: At the end of a year and a half it has still to find an executive director.

In some quarters you will hear a point of view something like this: Why should the Council be content to educate, exhort and clear ideas? By now business is pretty well sold on the idea of supporting private higher education, but no single company wants the onus of choosing among the big and the small, the strong and the weak. Why doesn't the Council go after the money and divvy it up, like the two-year-old National Fund for Medical Education, which is committed to raising $5,000,000 a year from business and other sources and distributing it to medical schools?

If an organization should step forward to do that job, it's a safe bet that it won't be the Council on Financial Aid to Education. Firmly written into its charter is its promise never to collect a dime. Its directors believe, like Lord Acton, that it is power which corrupts, whether that power is vested in the federal Government or in such a vast aggregation of private capital as such a fund might eventually turn out to be. As F. Emerson Andrews observes in his recent book, "Corporation Giving":

"Though such an organization would relieve business contributors of the difficulty of deciding on allocation of educational funds, it would have to undertake that task itself. This would create a new bureaucracy which might destroy the very diversity and freedom which private support of education desires to preserve. If a group of corporations formed such a central bureau, there would be the additional danger of charges that 'big business' was attempting to control education."

As of right now, the size of corporate gifts to higher education isn't threatening. So far as the Bureau of Internal Revenue is concerned, nothing prevents a company from giving up to five per cent of its net income before taxes to assist bona fide educational, scientific and welfare activities.

What all U. S. business actually

gives to all philanthropic causes, according to the Russell Sage Foundation studies of this matter, is a cautious 0.7 per cent net income before taxes. A good part of that 0.7 per cent is hastily applied to the squeaking wheels on or about the last day of the fiscal year, with the result that higher education—no very experienced squeaker—ends up with less than a fifth of the 0.7 per cent.

Subtract from that scholarships, fellowships and grants for research, which are typically no great help in meeting deficits, and less than a tenth—some $18,000,000—remains in the form of direct institutional aid. That comes to less than one per cent of the colleges' general income. At the same time federal payments to higher education are running more than $200,000,000 a year, over and above the dwindling item of veterans' education — a fivefold increase since 1940.

For most of that $18,000,000, Russell Sage reports, colleges can thank corporations of moderate size—and, by implication, correspondingly moderate numbers of stockholders to raise a fuss. It has still to be finally established that endowing colleges is a proper use of money which belongs by long tradition to the stockholders. That is the most important reason why big business has been doing more talking than giving.

Although some 29 states have enacted statutes in recent years specifically authorizing corporate contributions for philanthropic purposes, only the New Jersey law has been put to the test. And early this summer the New Jersey Superior Court upheld it, in a remarkably enthusiastic opinion.

In brief, the case at issue was this: The A. P. Smith Manufacturing Co., makers of water valves, undertook to give Princeton University an unrestricted grant of $1,500. A group of Smith stockholders claimed it had no right to do so: 1, because the gift, being unrestricted, would not benefit the company; 2, since the law had been passed long after A. P. Smith had been incorporated, it permitted the corporation to make such contributions only if all its stockholders approved them.

The opinion of Judge Alfred A. Stein gave short shrift to both contentions.

As to the first: "I cannot conceive of any greater benefit to corporations in this country than to build, and continue to build, respect for and adherence to a system of free enterprise and democratic government, the serious impairment of either of which may well spell the destruction of all corporate enterprise. Nothing that aids or promotes the

growth and service of the American university or college in respect of the matters here discussed can possibly be anything short of direct benefit to every corporation in the land. . . .

"I am strongly persuaded by the evidence that the only hope for the survival of the privately supported American college and university lies in the willingness of corporate wealth to furnish in moderation some support to institutions which are so essential to public welfare and thereof, of necessity, to corporate welfare."

As to the second: "It is settled law here and in England that a corporation or association possesses not only those powers which are expressly conferred upon it by its charter, franchise or articles of association, but also all incidental powers reasonably designed or required to give fuller or greater effect to the expressed powers. . . . Such giving may be called an incidental power, but when it is considered in its essential character, it may well be regarded as a major, though unwritten, corporate power. It is even more than that. In the court's view of the case it amounts to a solemn duty. . . .

"It is to the credit and the glory of the common law that it has always had within itself the seed of change, keeping pace with the march of the years and the advance of thought."

At the end of June the Supreme Court of New Jersey unanimously upheld him. It is still possible that the case will be appealed to the U. S. Supreme Court, but it appears now as if the courts are prepared to look benignly upon corporate giving to colleges. Certainly the two decisions are a green light to the thousands of U. S. companies with New Jersey charters. Even so, many companies are waiting to see what leadership the Council on Financial Aid to Education will offer before they do any unrestricted giving.

Meanwhile, a variety of devices are under consideration.

One company is thinking of allocating $100,000 to higher education and letting each one of its top 100 executives designate a college to receive $1,000. This device would have the effect of turning back the clock to where it was before high personal taxes took the fun out of big alumni contributions.

Another is studying the national pattern of its sales for possible leads as to where to put its money.

Four or five companies are thinking about joining forces in an adaptation of the Ford Fund scholarships which are generally regarded as one of the most foolproof plans yet devised for giving the colleges a modest boost. The Ford Plan works like this:

The scholarships are awarded to sons and daughters of Ford employes chosen by a board of educators on the basis of competitive examinations. The winners (now about 74 in all) can go to any approved college they choose. If a student selects a private college, Ford pays the college $500 a year over and above the amount of the scholarship, in recognition of the fact that colleges today are selling education at less than cost.

Last spring Union Carbide announced a somewhat similar plan, with some notable variations. While

"Pardon me—you dropped this!"

the Carbide scholarships are not restricted to children of employes, the list of colleges is confined to "a cross section of smaller American colleges and technical institutions of traditionally high standing"—24 in all. The colleges pick out the scholars, not on the basis of competitive examination and preferably not from the *summa cum laude* tier of the class. Like Ford, Union Carbide pays the colleges an additional $500 per year per scholar. It also pays the colleges another $100 to compensate a faculty member for helping the student line up a course of study and keeping an eye on his progress. When the program hits its stride it will be helping 400 scholars at an annual cost of $500,000.

This is by no means a complete list.

If your own company is thinking about getting into the procession, the authorities have this much concrete advice for you:

1. If you haven't already done so, set up a charitable foundation like Ford, Union Carbide and some 200 other companies. In this way you can set aside what you think you can afford for philanthropy in good years and keep some of it for a cushion in lean times. Either put a responsible officer of the company in charge of it or hire someone who knows the business of giving. The squeaking wheel type of giving is getting to be old hat.

2. If a college is really on its last legs, it's just as well to leave it there.

3. Don't let the fear of doing something inequitable prevent you from doing anything at all. In the days when private philanthropy was equal to the task of supporting the nation's colleges it made no pretense of trying to play fair with them all. Its choices were sometimes capricious, often selfish, nearly always sentimental. Yet because these choices were made by a diversity of men, they sustained that diversity of independent colleges and independent thought which is the unique grace and glory of American higher education.

In thinking of where your money might do the most good, think of your business as a whole, not just in terms of your scientists and engineers. Industry has shown no lack of generosity in supporting the technical branches of higher education.

Yet you need not ponder long to think of vital problems right in your own office which are hopelessly beyond the competence of the slide rule, the test tube and the men who know their secrets. You might, for example, think about endowing a professorship in economics or psychology or the humanities. Who knows? You might be helping to train your own successor. **END**

he put VIOLENCE ASIDE

Lawyer Florio blew a smoke ring. "Any money in my name," he said, "is my money"

By JAMES ATLEE PHILLIPS

FOR the first time in 30 years, Big Nick was waiting outside an office. What made it worse was the fact that it was his own lawyer's office. Nick looked like a banker beginning to get stout; his clothes were expensive and conservatively cut. He turned his hat in his hands and reflected that the delay was only a momentary indignity.

The pretty receptionist was nervous. Nick was a legend out of her childhood; he was the sound of sirens and the smell of the morgue. She did not like to keep him waiting. When the buzzer sounded, she told him with obvious relief to go inside. Nick thanked her and walked into Dan Florio's paneled sanctum.

The chunky, bald-headed lawyer was leaning back behind his impressive desk. He nodded to Big Nick and asked him to sit down. *That's nice,* thought Nick. *My money bought the chair he's inviting me to sit in; my dough paid for this whole layout.* Still polite, he sat down.

"The message you sent me through Tony," he began pleasantly, "I didn't understand it."

"Very easy to understand." The lawyer was equally affable. "I told Tony I didn't know what he was talking about."

Nick nodded again, as if he was trying to understand. "We needed a little money. You could have lifted it out of any of the stashes and given it to him."

"There isn't any money," answered Florio. He snapped a lighter under his cigar, and exhaled smoke at the ceiling.

"Look," said Nick patiently. "The dough was staked out in your name. I need some of it."

Lawyer Florio blew a smoke ring and shattered it with a stubby forefinger. "Any money in my name is my money," he commented.

It was quiet in the office. Both men watched the wreckage of the smoke ring dissolve.

"All right. I wanted to be sure." Nick shrugged, as if an old allegiance had been destroyed. "I wanted to be sure you realized it was Nicolo Massara you were doing it to. . . ."

He got up from his chair and started toward the door, very light on his feet for a big man. He was reaching for the knob when the lawyer leaned forward and spoke again, in farewell.

"It's all over, Nick. Your name is for comic strips now. If you hire a

man to come after me, or think of a bomb for my car, like old times, you'll pull a route sentence. Or the chair. You'll be tailed and tapped every hour of the day and night. If I even catch a bad cold, they'll haul you down and book you for it."

Nick Massara turned to face the desk. "I haven't pulled anything like that in a long time, counselor. But it's nice to know that you got your 21 eye witnesses all set. You always were a smart boy."

Then he closed the door quietly behind him. When he was out of the building, the big man in the vicuna topcoat stepped into an expensive sedan. The driver wheeled it away from the curb into traffic.

"They're still on us," said the driver. "Want to lose them?"

"No," answered Nick. "Let's go home."

As the long car purred on through the city, the man in the back seat meditated wryly that it did indeed take a thief to catch one. Massara had come up off the docks, back in the days when every pier sheltered a rum load. He had assembled guns behind him, run his own convoys and grown great. Dan Florio had been with him every step of the way, jerking bondsmen out of bed and putting in the fix.

Staring out the window into the dusk, Nick remembered that he and Florio had been a kind of private government for a long time. When prohibition ended, there had been other rackets waiting. Gambling and race track wires. The black markets. Looking back, Nick was proud of the fact that he had never taken a dime out of dope or women and had always paid his taxes. That was a purely negative virtue but it was about the only one he had.

When the character of their enterprises had begun to change, going from dark alleys to gray, and finally into a lot of straight legit, Nick had changed with the times. He had put violence aside, in favor of the glove and the bribe. All the big lather about the bribe had always amused Nick. It was fairly hard to bribe a man who wasn't on the take.

When the storm broke, when the congressional committees moved in, Nick's kingdom was a natural target. He knew the danger and was buttoned up to meet it. The congressmen had some good bird dogs on the payroll. Anticipating their work, Nick had voluntarily folded his slots and books, and stuck his money into this and that. A lot of it went into Florio's hands. . . .

When the car stopped beside the turreted house beyond the city limits, Nick said, "Come upstairs, Tony," and walked inside. The maid

took his coat, and he moved up the wide stairway to his study. When Tony came up, removing his gloves, Nick waved him to a seat. A log was flickering in the fireplace, and the big man kicked it over and watched the shower of sparks.

"He grabbed it," Nick said. "I didn't think he'd have the guts, but he did it."

"Maybe he'd like to get cremated, in that big house you paid for," blurted Tony. Nick shook his head.

"That's a sucker play. He likes our money, so we'll give him some more of it."

Tony looked up, startled.

"He's greedy," continued Nick, scratching at his cheek thoughtfully. "I figure he ought to have about $200,000 more."

"In his name?" asked Tony, a horrified expression on his face.

"Yeah. Tomorrow start collecting signature cards. Have Barney, down on Mulgrave Street, forge Dan Florio on them, real neat. Then we'll start loading him, at every big bank in the state."

"I don't get it," said Tony.

"An involved operation," answered Massara, the flames glinting

in his jet eyes. "Like Dan says, things are changing. The old stuff won't work anymore. . . ."

When Dan Florio stood up in Federal Court and drew a 20 year jolt for income tax evasion, Big Nick Massara was sitting in the back row. After the lawyer had been led away, the big man got up and left the courtroom. Reporters followed him all the way to his car, asking if he could explain the hidden bank accounts. Nick kept shaking his head sadly, like a man who has been disappointed by a trusted associate.

As the car pulled away from the curb, Tony glanced at his boss in the rear-view mirror. The driver said that it seemed like a lot of boodle, just to fix Florio's wagon. Nick shrugged, and said not as expensive as it looked. He explained that the party who had informed on Florio would get some of it back from the government for turning the man in, and that a lot of it had been hot money that he could never have moved, anyway.

Tony was still trying to work it out as he braked the car to a gentle halt, before a red light. END

A Banker Runs the White House

(Continued from page 40)

have to be observed in handling documents, especially those passing between the White House and Congress. As the topmost civil servant in the Executive Offices, he was the link between the old and the new Administrations.

But Mr. Hopkins also had to attend to the job of administration for 237 employes. As Mr. Steffan explains, Mr. Hopkins often had to wait to get a decision on some purely business matter. Sometimes he needed agreement from a number of staff members before he could act. Now Mr. Steffan, as a right-hand man of Mr. Adams, makes most decisions himself.

Although he is saving where he can, Mr. Steffan is also modernizing business procedures. He doesn't mind spending money for new equipment that will improve efficiency.

Take the matter of correspondence. Mail pouring into the White House has more than doubled. From Jan. 23 to July 3, letters and telegrams totaled 579,606, compared to 248,294 in the same period last year. Every piece of mail is answered, but Mr. Steffan reduced the time spent on this operation 50 per cent.

The White House had only one robot typewriter. With it, the same reply can answer many letters. Mr. Steffan bought another and instructed the typing pool to reduce the length of the replies by half. Now letters are seldom longer than ten lines.

Replies are going out at the rate of 400 per machine a day. Furthermore, Mr. Steffan refers up to 40 per cent of the incoming mail to government departments for action.

Mr. Steffan won't take the credit for all the changes he is making. Many have come from the department heads since he began holding weekly meetings.

"We get together," he says, "to keep in touch and to exchange ideas. We're trying to develop more direct operations and reduce the number of hands that a project goes through.

"Take their names," suggests Mr. Steffan, dropping the anonymity that has long shrouded the departmental chiefs. They are: Elizabeth A. Bonsteel, files; Thomas R. Padgett, mail; Arnold W. Hawks, record section; Frank K. Sanderson, administrative officer; Dewey E. Long, telegraph, code and travel section; Rena C. Ridenour, correspondence; Polly J. Canfield, social correspondence;

Mr. Crim, chief usher; and Mr. Hopkins.

From Mrs. Bonsteel at one of the Monday afternoon meetings came a suggestion for eliminating unnecessary cross-filing of mail. Every letter was cross-filed at least once, although such letters are rarely referred to after they are answered. That made at least three times as much work, so cross-filing was limited to official mail.

In many other ways, small and large, the new director of operations has justified the new position. A small matter like getting air travel cards for staff members saves time and red tape for those who sometimes have to leave on presidential missions in a hurry.

The man who has brought business techniques to the White House was born in Osborn, Ohio, Jan. 28, 1893. He began working in his father's grocery when he was ten years old. He earned 50 cents a week. By the time he was 15 he was getting $6 a week. Graduated from Ohio State University in 1913, he got a job on the Cleveland *Press* as a reporter for $15 a week. Later he moved to the *Ohio State Journal* in Columbus at $55 a week. Then he got into the management end of the newspaper business by buying an interest in the Durham, N. C., *Sun*.

He did not stay in Durham long, however, for it was 1917 and the nation was going to war. Mr. Steffan went home to join the 331st Infantry, Ohio National Guard.

"My army service was not notable," he says. But you find out that he was sent to Fort Meade as a second lieutenant with the task of organizing the first school for giving special training to noncommissioned officers.

When he left the Army in 1918, Mr. Steffan turned up in Washington, first as a reporter covering the Treasury Department for the International News Service, and later the Senate for the Associated Press.

After a few months of that he returned to Columbus as public relations man for the Ohio Institute for Public Efficiency, an organization dedicated to improving state government. In 1919 came his entrance into banking by way of teaching.

"A friend of mine with the National City Bank," he explains, "said they were looking for a fellow to run their educational department.

"I took the job.

A White House snack room is another Steffan innovation

"But I had little of either banking or education," he says, laughing. "At that time I was 26 years old. My job was to train college boys in vacation time to qualify them to enter the foreign service of the bank after they were graduated."

Three years of that and Mr. Steffan became restless.

"If you want to get in the main stream," he explains, "you have to get into the production end—where you can put business on the bank's books. Also I was approaching 30 and I was getting frightened about not making more progress."

That's how Mr. Steffan frightened himself into success. He proposed to his bank certain methods for increasing its savings business. The campaign worked out well, he says casually.

Five years later, in May of 1928, he persuaded the National City

Bank that it ought to get into the personal credit business. Private loan concerns had shown the way with automobile financing.

Mr. Steffan saw no reason why the banks should not make loans, repayable in instalments, to persons with jobs who needed money for medical bills, automobiles, education, refrigerators and the like.

Soon banks all over the country were following National City into this new field. The personal credit business, including loans made by banks under Title I of the Federal Housing Act for home repairs, now amounts to $12,000,000,000 a year in loans by commercial banks alone.

And Title I brings up a story of another Steffan innovation. One day a few months ago Bernard Shanley, the President's special counsel, had a problem which he talked about at lunch. Congress had just passed a bill authorizing the Government to guarantee home repair and improvement loans up to $500,000,000—a lot of money for an Administration committed to economy. A memorandum accompanying the bill was not too clear and Mr. Shanley was inclined to be dubious. Roger Steffan was at the table.

"That boy is all wrong," said Mr. Steffan, referring to the memo writer. "There's no money involved. I know all about Title I. The Government just guarantees the loans made by the banks. There's no possibility of the Government losing money on it. It's a program that has always made money."

That's how the Eisenhower Administration discovered that it had "the father of Title I" in its midst. Back in 1935 the Roosevelt Administration got the Government in the home repair loan business and, casting about for a man to get it rolling, borrowed from National City the man who had pioneered the personal credit field of banking. On loan for a year, Mr. Steffan toured the country to explain the program to banks.

Later when Mr. Shanley went into the President's office with the bill and recommended that he sign, Ike hit the ceiling.

"What!" shouted the economy-minded President.

Mr. Shanley explained that the Government did not have to put out any money, and that the Title I program in the past 20 years had paid about $40,000,000 in interest to the Treasury, besides helping a great many home owners with small loans averaging only $40 each. President Eisenhower signed and acclaimed the program.

On that day Roger Steffan had come full circle in his service to banking and Government. END

who'll hear you

It was a simple matter to get a hearing when town meetings set the pattern of government. You just stood up and said what you had to say.

It's different now. Government is huge, remote and complex, and, sometimes hard of hearing, when you'd like to have it listen to you. But you might expect that.

The population-estimating machine at the Bureau of the Census calculated last month that there were 161,136,000 Americans, and more every hour. Figures in another office show 55,492,000 Americans in business and industry . . . and more every day. How is Government going to hear what you have to say?

There is a way. Government will listen if the voice is strong enough. It hears labor, the farmers and other groups. And it hears businessmen, too. Does it hear you?

It will if you add your voice to the voices of 1,600,000 businessmen who take part in chamber of commerce activities. They work for their communities, their industries, their families and themselves through their local and state chambers of commerce and trade associations and through the Chamber of Commerce of the United States in Washington, D. C. From them the Government hears what businessmen think.

If your voice is not being heard, speak up. Ask for particulars about membership in your local, state and national chambers of commerce.

CHAMBER OF COMMERCE OF THE UNITED STATES • WASHINGTON D C

at town meeting?

School for students age

The Cold Spring Project in New York State offers a postgraduate course for collegians that may be a model for those unwilling to retire. Here nobody ever just "rusts away"

DAN WEINER—BRACKMAN ASSOCIATES

Interests may vary from bees to furniture. Both these hobbies have their own ardent followers

Day's general activities end at 6 p.m., after which the members relax in one of the lounges

Dr. Carl Ramus, not one to consider retiring, is busy writing about the first 80 years of his life

60

By **MERLE MILLER**

WHEN the members of a sociology class at Vassar College in Poughkeepsie, N. Y., recently held a joint discussion with the student body of the Cold Spring Project, a few miles down the Hudson River, one of the Vassar undergraduates sighed with envy.

"My," she said, "what interesting pasts you all have had."

Recalling the remark the other day, Miss Mary DeLany, who is 78 and one of the early Cold Spring students, laughed appreciatively. "You know," she said, "none of us here ever thinks about the past."

On her arrival in the little village of Cold Spring-on-Hudson, Miss DeLany was unable to settle down to reading a book, could not straighten up, usually had trouble sleeping at night, and "wasn't really much interested in anything." Now she reads an average of two books a week, walks with the determined bearing of a West Point cadet, falls asleep the minute her head touches the pillow ("these days I'm tired when I go to bed"), and is at work on a series of paintings which have the freshness of a less primitive Grandma Moses.

Miss DeLany was a member of the Vassar graduating class of 1898; after that, she taught in the public schools of Chicago for 40 years, followed by 12 more years of "meaningless retirement."

However, she is neither the oldest nor the youngest student who has attended Cold Spring. The former is Dr. Carl Ramus, a retired physician of 80 years who has now almost finished what he has dreamed about and worked at in odd moments for half his life, a book on meteors for the layman. The youngest was Miss Theresa West, who is 61 and thus, as she puts it, "just squeezed in under the wire."

The project, which has been chartered by the New York State Board of Regents, offers a 12-month postgraduate course for college graduates more than 60. Its main purpose, in the words of its statement of intentions, is to teach its students that "education is possible as long as life endures."

To accomplish that, its sponsors have developed a program to show older men and women just how much they can accomplish.

"When we got here," one 64-year-old student said, "we thought we were useless. We've found out that in most ways we're just as good as ever—and in some ways better."

Cold Spring was set up by a group of educators, geriatricians, and psychologists specializing in the problems of old age, mainly at the insistence of Mrs. William S. Ladd, the determined, energetic widow of the former dean of the Cornell University Medical School on whose estate the campus is located. The project opened Oct. 1, 1952, and the first course ended on Sept. 15, 1953.

Eventually, its sponsors hope, there will be similar projects all over the United States. As Sarah Gibson Blanding, president of Vassar and a firm supporter of the project, expressed it at the opening exercises, "Just as 30 years ago education turned to child study and preschool training, today we are turning to the other end of the scale."

The campus itself looks rather like that of a small, expensive, and progressive girls' school. Its 60 rolling acres are located in the green foothills of what natives of the region call the highlands of the Hudson, an extension of the Ramapos. It is on the edge of the half-subdued wilderness of Fahnestock State Park, and its rambling French provincial buildings are crowded with comfortably overstuffed furniture, well thumbed books, scattered record albums, most of them classical, flowers grown in the greenhouse or many gardens, and numerous examples of the flora and fauna of Putnam County, N. Y., picked up during nature walks.

In the solarium, where of a winter

most without interruption, until 6 p.m., when cocktails are served in one of the lounges. Soft drinks are provided by the project, but those who wish liquor can provide their own.

After dinner, there is usually an informal but guided discussion, often as heated as a college bull session, "although," one registrant insisted, "we almost never discuss sex. We are a little too mature for that to be of much interest."

At the time I visited Cold Spring, novels on father-son relationships were being read and dissected of an evening.

The day usually ends around 11 p.m., although on election night last November some of the students didn't retire until nearly dawn.

"There weren't any out-and-out fights," said Miss Helen Garrett, the author of several well-known juveniles, who teaches creative writing to eight of the students. "But there were a few mighty uncomfortable silences. The Republicans went to bed early and happy, but the Democrats just wouldn't give up. None of them retired until long after Adlai Stevenson conceded."

Every Friday at 8 p.m., a faculty member from another educational institution lectures for an hour, then leads a discussion for a second hour, often longer.

The arguments continue the next morning, again led by the visiting faculty member, and, finally are summed up in a session on Monday morning.

Visitors this past year have come from Vassar, the Cornell Medical School, Sarah Lawrence, Columbia, Pratt Institute, Rutgers, Yale, and Harvard. In addition, there have been representatives of the New York State Employment Office and the New York State Joint Legislative Committee on Problems of the Aging plus a psychiatrist and a geriatrician.

The subjects studied have ranged from literature to religion to the natural and physical sciences to anthropology, art, and music.

When they are not engaged in organized activities, the students are usually occupied with projects of their own. For example, one group may be studying nature while a second is doing woodwork, and a third planting and weeding in the pleasantly simple gardens which surround all of the buildings.

Dr. Ramus is not alone in writing an autobiography. By the end of this academic year—which is divided into four quarters of three months each—everyone had completed at least a short first-person-singular account of his life, which, along with a series of interviews with visiting psychiatrists, and with Dr. Andrus, who is a clinical psychologist, have, the doctor feels, "given us a pretty clear idea of the problems of a small cross section of people in their mature years.

"Not that anyone here has any very serious problems—now."

Among other books begun this year was a text on mathematics for teenagers by Mrs. Martha Wilson Ashcroft, a widow from Gibsonia, Pa. Mrs. Ashcroft, who is 70, was the first woman ever hired by the American Bridge Company in Pittsburgh. "At the time," she said, "shortly after I graduated from college in '06, they'd practically never even seen a woman in that office, and there wasn't another one hired in the ten years I was there," during which she helped design the Hell Gate Bridge in New York as well as one in Alaska and a third in Seattle.

When her husband died after 30 years of married life in Idaho, Mrs. Ashcroft went back to Gibsonia, "and I realized that instead of being ready for the old ladies' home, I wanted to write, and I wanted to write about math for children because nobody ever makes it interesting. I am. There won't be any problems in the book, just straight exposition and a lot of illustrations. I'm drawing them myself, the first time I've tried it since I worked on my college yearbook."

A Manhattan publisher is already interested in the book.

"But," said Mrs. Ashcroft, "if I hadn't come here, I'd probably never have got down to work. I wasn't doing anything in Gibsonia, but I never could seem to find any time. Now I'm doing a dozen things every day, and I've got plenty of time."

"You will find," said Dr. Andrus, "that that is one of our great successes, teaching people how much time they have left—and how to use it.

"And, whatever else we may or may not have done, we have certainly helped everybody poke his or her horizon out a little, and that's what all education is, isn't it?"

For example, Miss DeLany feels that one of the major accomplishments of the school, quite accidental in her case, "is that I've seen the stars for the first time.

"Up here, I've learned what the stars really look like, and I've begun to do a lot of reading on astronomy. I'll never be an expert, but I know what La Rochefoucauld meant when he said, 'Few people know how to be old.' I think all of us here are among the few, and I consider our futures far more interesting than our pasts."

END

nb notebook

Business and police join hands

THE Pennsylvania Chain Store Council and the Philadelphia Police Department have a new formula for preventing crime through business-police cooperation.

The anticrime campaign is based on a series of pamphlets, printed by the Council and distributed by the police. The first two booklets, written by Fred W. Johnson, vice president of American Stores Company and former president of the Council, deal with shoplifting and bad checks. In a foreword, Philadelphia Police Commissioner Thomas J. Gibbons points out that the booklet, "printed at no expense to the taxpayer, is a symbol of the present citizens' awareness that crime is a community problem, not merely a police problem."

Of the 250,000 copies of the booklets to be distributed, 3,500 will go to the International Association of Chiefs of Police—together with an invitation to this association to hold its next convention in Philadelphia.

A better understanding of America

EARLY this year Lawrence S. Mayers, president of L. & C. Mayers Company, returned from India where he had talked with teachers and students in several schools and colleges. He was disturbed because, to these people, the conflict between the United States and Russia appeared to be a diplomatic encounter between two opposing powers. They considered the United States no better or worse than Russia and the contrast between their national ideals, methods, philosophy of government was hardly mentioned.

Reflecting on this, Mr. Mayers became convinced that American citizens should somehow find a way to reach India's young people with an explanation of these differences.

Convenient to his hand was an instrument his own company had used successfully in this country for two years—a peace essay contest among teen-age students. The success of the idea here led him to hope that a similar project in India might help convince young people there that Americans, especially businessmen, were interested in them.

So, as a private citizen, he sponsored an essay contest among Indian students. The theme: "What can I do to contribute to a permanent state of peace in the world?"

The winner, just announced, is M. P. V. Ananta, 19-year-old student at the Mrs. A. V. N. College in Visakhapatnam, Madras, India.

In a thoughtful document, young Mr. Ananta sets up a four-point program to "avert the distortion of truth." His suggestions are:

1. Pursuit of peace, not through alignment with any major powers but through an independent approach to each controversial or disputed issue; 2. The liberation of subject people; 3. The maintenance of freedom, both national and individual; 4. The elimination of want, disease and ignorance which afflict the greater part of the world's population.

Books for Bangalore

TO MEET the constantly growing demand for trained personnel in the industrial, commercial, banking and insurance fields, the University of Mysore (India) about ten years ago started a College of Commerce in Bangalore.

Now this college — enrolment more than 800 students—has a problem which Ramnarayan Chellaram, managing trustee, describes like this in a letter to NATION'S BUSINESS:

"To enable our students to acquire the highest qualities of intellectual and moral leadership, we have undertaken to collect various types of books. . . . Your country has been taking a keen interest in India's cultural development by assisting its educational and other institutions in many and diverse ways. . . . What better and nobler shape can this expression of good will take than through the medium of gifts of books?"

As described in the letter, books particularly needed include biographies of industrialists, businessmen, inventors and scientists; literature

on the origin and growth of major industries and big industrial concerns; literature on subjects of particular interest to students of commerce and collateral subjects; literature on the humanities.

Individuals or concerns that want to cooperate in this effort should send their gift books to Ramnarayan Chellaram & Sons Charitable Trust, Post Box No. 34, Bangalore 2, South India.

Loan that hit a jack pot

BANKERS in the seven southern counties of Illinois are still profiting from a loan that was paid up some time ago—and didn't draw any interest to begin with.

It seems that everybody else is profiting, too.

The story began when county agents in the region saw the need for fertilizing on a scientific—not a hit-and-miss—basis. Farmers and bankers assembled in a joint meeting at which the bankers chipped in $2,000 to set up a soil-testing laboratory in Vienna, Ill.

Although there was no guarantee that they would get their money back, few loans in the region's history have paid better. Farmers who had sent too few soil samples to the state university for testing now send them to their own home lab in great numbers. Some 30,000 soil samples were tested in the first two years. For each of these the farmers paid a small fee. The loan was repaid at the end of the second year, but the bankers left their money in a fund for the lab's future use.

With scientific treatment, gullied and weed ridden farms began to turn green. Cattle and sheep replaced corn and wheat. Meanwhile, the lab that needed help to start, continues to pay its own way, increase farm income and build business throughout the region.

Distaff leadership at local chamber

BREAKING a long-established precedent, the Schoharie, N. Y., Chamber of Commerce recently named two women to its six-member executive board, and the board followed through by unanimously electing them to its top positions.

Slightly overwhelmed, Mrs. Dorothy Wood, the new president, has pledged her administration to a policy of cooperation. Both she and Mrs. Helen Mann, new vice president, own restaurants in Schoharie. Their program will focus on two projects, one old, one new.

Committees are already preparing plans for "Santa Land" an annual December promotion, and Mrs.

CHANGE OF ADDRESS . . .

SEND your new address at least 30 days before the date of the issue with which it is to take effect. Tear address label off magazine and send it with your new address. The Post Office will not forward copies unless you provide extra postage. Duplicate copies cannot be sent.

•

NATION'S BUSINESS
1615 H Street, N. W.
Washington 6, D. C.

Wood is directing research into a long-range project designed to publicize Schoharie's charms as an off-the-beaten-track community.

Retiring Pres. Howard Yanson says that the Chamber anticipates a profitable year under distaff leadership. He points to the new officers' past records for attendance at meetings and their willingness in the extracurricular work which accompanies most chamber projects.

"They'll be good for us," he says.

New fire prevention code

THE National Board of Fire Underwriters has long been pioneering in developing model safety codes. In 1895 it published the first nationally recommended electric code, known now as the National Electrical Code.

In 1905 it published the first model building code and in 1930 the first model fire prevention code.

Now it has brought out a revised model of the Fire Prevention Code—called by many safety engineers and fire protection authorities the most important code a city can adopt.

Everett W. Fowler, director of the Board's division of codes and standards, explains that the new code is a revision of the Board's nationally known "Suggested Fire Prevention Ordinance."

"This latest edition of the code," he says, "has been completely rewritten to bring it up to date and make it consistent with all the latest nationally recognized safety standards."

Mr. Fowler urges that every city which does not have a comprehensive, up-to-date fire prevention code adopt this one and that those which have an earlier edition replace it with the new one.

"The uniformity which would result from such widespread use of the new code would benefit everyone concerned," he says.

For wandering books

THE New Orleans Public Library has come up with an idea which is cutting down absenteeism among its wandering books—and at the same time increases the convenience of its service, especially for shut-ins and vacationists.

The plan, called the "mail-back-your-book" system, is remarkably simple. The library provides stamped and addressed envelopes, big enough to hold a couple of average-sized books or several smaller ones.

Even the busiest or most forgetful reader has practically no excuse for not returning a borrowed book to the library.

GUARANTEES AND EMPTY BELLIES

THE CIO has announced that it will demand the Guaranteed Annual Wage as a part of its new contracts with the steel and automotive industries. Experience suggests that, successful there, the union would press the same plan in other places. As justification for this demand, labor leaders with flamboyant oratory have advanced the proposition that workers get hungry the year round just like management.

The manner of presentation seems to encourage the impression that here is a new conception which will finally "encourage management's social conscience and stimulate its social ingenuity by putting pressure on its pocketbook nerve."

Fairness requires that somebody point out that there is nothing new here—either in the fields of economics or dietetics.

Nobody, least of all the American employer, regards a worker's desire for a steady job with dependable pay as unreasonable. The employer realizes that his own enterprise cannot prosper if its logical customers do not know where their next dollar is coming from. This is one of many reasons efforts to improve job security generally win maximum support from businessmen.

The objection to the general application of the annual wage is based upon practical evidence, so far unrefuted, that its logical result may be to empty workers' bellies rather than fill them.

All of this—barring the gastronomic overtones—was threshed out back in 1945 when the United Steelworkers of America demanded that the steel industry guarantee its workers 40 hours pay a week for two years. The union pointed out that wage guarantees were even then operating satisfactorily for several companies.

The same guarantees are still operating for those companies. But this argument overlooks the fact that these plans are not working in whole industries; neither are they working for companies in industries subject to wide swings in the demand for the product.

The classic successes with wage guarantees are in the food, shoe and soap industries—fields where the purchaser is the final consumer—and consumption does not change from month to month.

Even so, the Geo. A. Hormel Company, with long experience with the guarantee plan, explains:

"This guarantee of ours is designed, not as a protection to the employes through the medium of the guarantee, but rather as a compulsion of management so to conduct itself that the guarantee need never be invoked. Certainly our company is wholly unable to redeem the money consideration in such a guarantee unless we can keep our people actually and profitably employed. The entire asset value of our company, cashing everything we own, would only be sufficient to redeem ten months' guarantee. So, when using the phrase 'guaranteed annual wage' we must ask: 'Guaranteed by what?'

"The only guarantee we know of is the ability of management to manage, coupled with willingness of workers to work."

Unlike the Hormel Company which, if necessary, can anticipate orders because its products do not differ much from day to day, a steel company may receive today an order for steel to build a bridge or a skyscraper, tomorrow the demand may be for steel to build automobiles, to expand a railroad, or sheathe a battleship. Or no orders may come at all.

A War Labor Board panel which listened to the wage debates in 1945 found that:

"Unemployment in the steel industry is due largely to fluctuations in the demands for its products. Both seasonal and cyclical influences cause irregularities in the demand which result in irregularities in the amount of work available. It has not been established that the steel industry by itself has the ability to avoid these fluctuations."

Enders M. Voorhees, then finance committee chairman of the U. S. Steel Corporation, demonstrated possible results of such fluctuations. NATION'S BUSINESS quoted him thus:

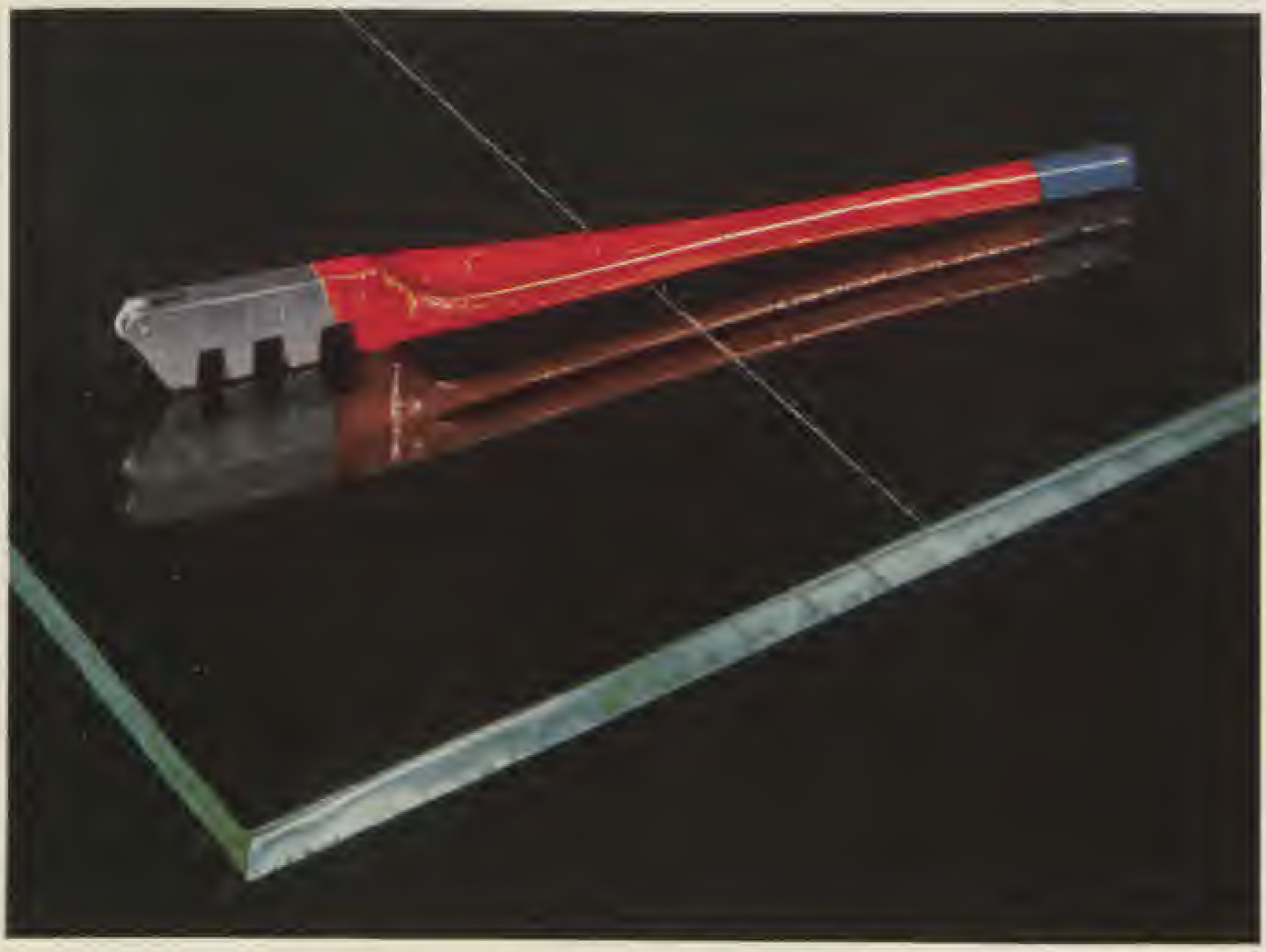
"In 1943 we had 340,000 employes and our employment costs, adjusted to eliminate overtime, were \$805,000,000. If we were forced to keep this full force, but had work from only the customers we had in 1937, we would have had to spend \$582,000,000 more than we took in from customers and would have developed an excess inventory of 6,000,000 tons in that year alone. If we paid the force for not working, we would have needed \$281,000,000 more than we took in."

The result of this kind of operation, said Bradford B. Smith, speaking for the steel companies, would be that the Government would have to rescue the industry and thus end private enterprise in the steel industry.

Such a sword of Damocles brushing industry's forelock would effectively stop expansion, halt delays for tooling up for new models, prevent experimentation with new products—lest they fail and the workers who made them be idle.

Here progress would die.

Here, too, employment opportunities would be frozen to the incumbents—at a time when our working force is expected to expand from today's 63,000,000 to more than 75,000,000 in the next ten years. Whose bellies would be empty then?



Rampaging floods don't hamper production on this oil well—it's Sun Oil Company's Well No. 3, with the pumping unit located fifteen feet above the southern Illinois Wabash River bottoms. This unit is powered by a famous Fairbanks-Morse ZC Oil Field Engine . . . an engine that thrives on neglect!

Fairbanks-Morse Performance—so often the answer to Industry's problems.

Fairbanks, Morse & Co., Chicago 5, Ill.

FAIRBANKS-MORSE

a name worth remembering when you want the best

OIL FIELD EQUIPMENT • PUMPS • SCALES • ELECTRIC MOTORS • GENERATORS • LIGHT PLANTS • DIESEL, DUAL FUEL & GASOLINE ENGINES • MAGNETOS • DIESEL LOCOMOTIVES